

MANDENI MUNICIPALITY (KZN 291) DRAFT ANNUAL BUDGET



2014/15 TO 2016/17 MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS

Copies of this document can be viewed:

- In the foyers of all municipal buildings
- All public libraries within the municipality

At www.mandeni.gov.za

Table of Contents

ANNEXURE	A
PART 1 – ANNUAL BUDGET	1
1.1 MAYOR'S REPORT.....	1
1.2 COUNCIL RESOLUTIONS	8
1.3 EXECUTIVE SUMMARY	10
1.4 OPERATING REVENUE FRAMEWORK	12
1.5 OPERATING EXPENDITURE FRAMEWORK.....	19
1.6 CAPITAL EXPENDITURE	23
1.7 ANNUAL BUDGET TABLES - PARENT MUNICIPALITY.....	23
PART 2 – SUPPORTING DOCUMENTATION	43
2.1 OVERVIEW OF THE ANNUAL BUDGET PROCESS.....	44
2.2 OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP	47
2.3 MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS	53
2.4 OVERVIEW OF BUDGET RELATED-POLICIES	63
2.5 OVERVIEW OF BUDGET ASSUMPTIONS	65
2.6 OVERVIEW OF BUDGET FUNDING	67
2.7 EXPENDITURE ON GRANTS AND RECONCILIATIONS OF UNSPENT FUNDS	82
2.8 COUNCILLOR AND EMPLOYEE BENEFITS.....	84
2.9 MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW.....	86
2.10 CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS	96
2.11 CAPITAL EXPENDITURE DETAILS	96
2.12 LEGISLATION COMPLIANCE STATUS	104
2.13 OTHER SUPPORTING DOCUMENTS.....	104
2.14 MUNICIPAL MANAGER'S QUALITY CERTIFICATE	115

List of Tables

Table 1 Consolidated Overview of the 2014/15 MTREF	11
Table 2 Summary of revenue classified by main revenue source.....	5
Table 3 Percentage growth in revenue by main revenue source	13
Table 4 Operating Transfers and Grant Receipts	14
Table 5 Comparison of proposed rates to levied for the 2014/15 financial year	16
Table 6 Comparison between current city charges and increases (Domestic).....	17
Table 7 MBRR Table SA14 – Household bills.....	18
Table 8 Summary of operating expenditure by standard classification item	19
Table 9 Operational repairs and maintenance	22
Table 10 Repairs and maintenance per asset class.....	22
Table 11 2014/15 Medium-term capital budget per vote	23
Table 12 MBRR Table A1 - Budget Summary	25

Table 13 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification).....	27
Table 14 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)	29
Table 15 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)	31
Table 16 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source.....	33
Table 17 MBRR Table A6 - Budgeted Financial Position	34
Table 18 MBRR Table A7 - Budgeted Cash Flow Statement	36
Table 19 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation	36
Table 20 MBRR Table A9 - Asset Management.....	38
Table 21 MBRR Table A10 - Basic Service Delivery Measurement	41
Table 22 IDP Strategic Objectives	48
Table 23 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue	51
Table 24 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure.....	52
Table 25 MBRR Table SA7 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure.....	53
Table 26 MBRR Table SA7 - Measurable performance objectives.....	56
Table 27 MBRR Table SA8 - Performance indicators and benchmarks.....	60
Table 28 Breakdown of the operating revenue over the medium-term	68
Table 29 Proposed tariff increases over the medium-term.....	69
Table 30 MBRR SA15 – Detail Investment Information	70
Table 31 MBRR SA16 – Investment particulars by maturity.....	70
Table 32 Sources of capital revenue over the MTREF	71
Table 33 MBRR Table SA 18 - Capital transfers and grant receipts	72
Table 34 MBRR Table A7 - Budget cash flow statement.....	73
Table 35 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation	74
Table 36 MBRR SA10 – Funding compliance measurement.....	77
Table 37 MBRR SA19 - Expenditure on transfers and grant programmes.....	82
Table 38 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds	83
Table 39 MBRR SA22 - Summary of councillor and staff benefits	84
Table 40 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)	85
Table 41 MBRR SA24 – Summary of personnel numbers	86
Table 42 MBRR SA25 - Budgeted monthly revenue and expenditure	87
Table 43 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote).....	89
Table 44 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification).....	90
Table 45 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)	92
Table 46 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)	93
Table 47 MBRR SA30 - Budgeted monthly cash flow.....	94

Table 48 MBRR SA 34a - Capital expenditure on new assets by asset class	97
Table 49 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class.....	98
Table 50 MBRR SA34c - Repairs and maintenance expenditure by asset class.....	100
Table 51 MBRR SA35 - Future financial implications of the capital budget	102
Table 52 MBRR SA36 - Detailed capital budget per municipal vote	103
Table 53 MBRR Table SA1 - Supporting detail to budgeted financial performance	104
Table 54 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)	110
Table 55 MBRR Table SA3 – Supporting detail to Statement of Financial Position	111
Table 56 MBRR Table SA9 – Social, economic and demographic statistics and assumptions.....	113
Table 57 MBRR SA32 – List of external mechanisms	114

List of Figures

Figure 1 Main operational expenditure categories for the 2014/15 financial year	21
Figure 2 Planning, budgeting and reporting cycle	54
Figure 3 Definition of performance information concepts.....	56
Figure 4 Breakdown of operating revenue over the 2014/15 MTREF	68
Figure 5 Sources of capital revenue for the 2014/15 financial year	71
Figure 6 Cash and cash equivalents / Cash backed reserves and accumulated funds	76

Abbreviations and Acronyms

AMR	Automated Meter Reading	ℓ	litre
ASGISA	Accelerated and Shared Growth Initiative	LED	Local Economic Development
BPC	Budget Planning Committee	MEC	Member of the Executive Committee
CBD	Central Business District	MFMA	Municipal Financial Management Act Programme
CFO	Chief Financial Officer	MIG	Municipal Infrastructure Grant
CM	Municipality Manager	MMC	Member of Mayoral Committee
CPI	Consumer Price Index	MPRA	Municipal Properties Rates Act
CRRF	Capital Replacement Reserve Fund	MSA	Municipal Systems Act
DBSA	Development Bank of South Africa	MTEF	Medium-term Expenditure Framework
DoRA	Division of Revenue Act	MTREF	Medium-term Revenue and Expenditure Framework
DWA	Department of Water Affairs	NERSA	National City Regulator South Africa
EE	Employment Equity	NGO	Non-Governmental organisations
EEDSM	Energy Efficiency Demand Side Management	NKPIs	National Key Performance Indicators
EM	Executive Mayor	OHS	Occupational Health and Safety
FBS	Free basic services	OP	Operational Plan
GAMAP	Generally Accepted Municipal Accounting Practice	PBO	Public Benefit Organisations
GDP	Gross domestic product	PHC	Provincial Health Care
GDS	Gauteng Growth and Development Strategy	PMS	Performance Management System
GFS	Government Financial Statistics	PPE	Property Plant and Equipment
GRAP	General Recognised Accounting Practice	PPP	Public Private Partnership
HR	Human Resources	PTIS	Public Transport Infrastructure System
HSRC	Human Science Research Council	RG	Restructuring Grant
IDP	Integrated Development Strategy	RSC	Regional Services Council
IT	Information Technology	SALGA	South African Local Government Association
kℓ	kilolitre	SAPS	South African Police Service
km	kilometre	SDBIP	Service Delivery Budget Implementation Plan
KPA	Key Performance Area	SMME	Small Micro and Medium Enterprises
KPI	Key Performance Indicator		
kWh	kilowatt		

Part 1 – Annual Budget

1.1 Mayor's Report

MAYOR'S SPEECH ON THE OCCASION OF THE TABLING OF DRAFT IDP AND BUDGET 2014/15 AND REFLECTION ON THE ACHIEVEMENTS BY THE GOVERNMENT OF THE DAY AS SOUTH AFRICA CELEBRATES 20 YEARS OF DEMOCRACY

Honourable Speaker, Deputy Mayor, Members of the Executive Committee Members, Members of Council, Head of Administration and Municipal Officials, Guests and Members of the public, it is a great pleasure that I am standing before you when the Country of South Africa is celebrating achievements made within the 20 years of democracy in enhancing the quality of lives of our people.

South Africa as a country in the past 20 years since the dawn of democracy has made tremendous progress not only in moral regeneration but critically in restoration of human dignity through various strategic programmes and interventions. It will be unjust if I do not recognize the major sacrifice and contributions by the architects of a "Democratic Country" whom their commitment and visions shaped and led focus on a free society from oppression and apartheid tactics. South Africa as a country does not forget where it comes from, how can we forget a number of incidents that occurred in the struggle for free society such as Sharpeville Massacre (21 March 1960) where a total of 69 lives were lost in the hands of police during the demonstrations against Pass Law and today this day is celebrated as "Human Rights Day".

Also we cannot forget about the sacrifice of lives by the then youth of 1976 where on the 16th of June 1976 the youth took to streets of Soweto to protest in response to the introduction of Afrikaans as the medium of instruction in local schools and in the process over 176 lives were lost also in the hands of police. We will never forget immense contribution by the women of this country towards a free society where on the 9th of August 1956 marched to Pretoria in a peaceful demonstration against Pass Law where the slogan of "Wathinta Abazi Wathinta Imbokodo" found its way to even non-African Women. Last but not least, we will never forget the sacrifice and contribution by our international Icon uTata Madiba for the 27 years of his lives he spent in prison for South Africa to be freed from apartheid and his leadership and reconciliation aphorism when he led this country as the first Democratic and Black African President. We as a country we will always rejoice and honour his legacy by ensuring that indeed "Isidima Somuntu siyavikeleka futhi siphucuzeke njalo".

Madam Speaker, I stand before the Council and with poise can attest to the achievements and progress made to date by the Government since the dawn of the democracy. Indeed South Africa has made tremendous strides in crafting, adopting and implementing Legislations and Policies that level the platform for the strategic approaches and interventions towards enhancement of the quality of lives of people and also for South Africa to compete, influence and participate in the Global opportunities. In the process a number of programmes and

interventions were introduced at a National Level but find space for implementation at local level.

I would like to focus on the achievements made by Mandeni Municipality within the 20 years of democracy:

Services delivery and infrastructure development: The approach by the National Department of Human Settlements towards sustainable settlements has seen Mandeni Municipality in partnership with the Department constructed over 6500 RDP Houses where we can safely say over 23400 persons (Mandeni ratio of 3.6 persons per household) have proper shelter over their heads in areas like Hlomendlini, Macambini, Masomonce, Mathonsi Sundumbili and Isikhonyane. In response to the call by National Government for slums clearance Mandeni Municipality with the assistance of the then Department of Land Affairs secured land at iNyoni where a project to yield over 3000 houses is under implementation and this project will contribute quite immensely towards slums eradication within Mandeni.

We acknowledge that there is still a lot of work to be done in addressing housing backlogs and we hope that planned projects like Manda Farm Housing Project, Isithebe Rural and Urban Housing, Macambini Phase 2, Mathonsi Sundumbili Phas 2 and Thorny Park will further reduce housing backlogs and should see over 8 000 new houses built and have over 28 000 persons having proper shelter. We must also applaud government from the policy move towards sustainable human settlements where focus is not about providing houses but also to ensure that people are also located within areas of economic opportunities and now houses come as a package (house, VIP Toilet and Water Tank). Also in ensuring that Previously Disadvantage people have full title on their properties, the Municipality has managed to transfer over 130 properties under the R-293 (Black Townships Law) through Enhanced Extended Discount Benefit Scheme Policy (EEDBS) where Title Deeds have been issued to the beneficiaries and this intervention saw increase in property ownership from 41.5 in 2001 to 52.9 in 2011 (stats-sa 2011). We are on course to transfer the remaining 376 properties within 12 months and hand over the Title Deeds to the beneficiaries.

The focus by government in backlogs eradication in terms of basic needs such as water, sanitation and electricity has bear fruits where statistics confirm positive progress. Our District Municipality (iLembe) has implemented a number of Water Schemes within Mandeni and this has seen the percentage of households with piped water inside their houses increasing to 26% from below 15% before 2001 and also increased number of households on access to piped water to 26% as well.

Madam Speaker, we must appreciate tremendous progress made by ESKOM in reducing electricity backlogs within Mandeni where we can now confirm that over 82.5% of households of Mandeni have access to electricity and this translate to 17.5% backlog compared to over 40% backlogs 15-20 years ago. The municipality in enhancing safety and security has built over 120 new streets lights which also include areas that are categorized as rural. As a municipality we have made steady progress in ensuring that every citizen of Mandeni has access to local and regional roads in particular rural areas that were previously not prioritized.

Also the municipality has managed to rehabilitate and upgraded old road infrastructure (5km) in particular in the Sundumbili Township and also upgraded and provided proper stormwater management infrastructure. Areas like Masomonco have seen construction of a Taxi Route as a strategic approach to enhance access by local residents. The municipality has taken a leap step in dealing with roads infrastructure where a first of its kind Municipal Road Master Plan is being developed and it is our believe that this plan will serve as a catalyst towards creation and maintenance of roads infrastructure within Mandeni. Also resolutions taken from the first of its kind Infrastructure Summit will have to be implemented as they give direction towards infrastructure development to turn around the situation for better.

The municipality also intensified its approach towards basic service delivery where it increased the number of households with access to solid waste removal through provision of communal skips in strategic areas and regular waste collection in formal settlements.

Economic and Social Infrastructure: The municipality did not only focused on provision of basic infrastructure for residential components but also directed its resources towards construction of Social Infrastructure where areas like Ngcedomhlophe and Sibusisiwe Hall serve as Land Mark for success. Critically the municipality conducted Local Economic Development Summit and a number of key resolutions were taken which will assist the municipality in promoting economic growth. The current statistics as per 2011 Census confirm the growth of informal economy within Mandeni and the construction of Informal Traders Stalls Phase 1 and Phase 2 at advanced stage will go a long way in ensuring that appropriate platform for informal economy to prosper is leveled.

The municipality has managed to develop a total of 3 new libraries which are to enhance access to educational facilities to local scholars. As such we have noticed with appreciation the improvement of Matric pass rate within Mandeni and the Department of Basic Education must be applauded with this achievement and we hope it will continue striving for 100% pass rate and we shall play our part to assist in achieving such milestone. The Municipality has managed to establish Disaster Management Office and Fire and Rescue Services and it our belief that these services will improve the level of safety within our municipality. It is critical that while we celebrate our achievements that we also reflect on the incidents of corruption that happened around our Public Safety Department in few years ago, this caused a setback on the municipality in many ways. However, I am pleased to announce that we will be officially launching our Driving Licence Testing Centre (DLTC) by the 30th of March 2014 and it will start operating from the 1st of April 2014 (this is not April fool).

Municipal Transformation and Institutional Development: The Municipality in the past few years has seen improvement in terms of staff personnel thus we are able to discharge our responsibilities as the local government. The municipality is running at full capacity in terms of Management Component and it is our belief that the level of staff capacity will assist the municipality in achieving its Vision. We must also appreciate commitment shown by the Council in ensuring that the institution runs smooth so that service delivery is enhanced.

We as a municipality do not only focus internally in terms of skills development but we also priorities our youth where we have given out bursaries to local your for them to further their education and be able to plough back to the community through the skills acquired.

Good Governance and Public participation: Mandeni Municipality has progressed very well in terms of credibility rating of the municipal Integrated Development which is in line with the expectations by the office of the MEC for Cogta as the custodian of Local Government development. We have ensured that stakeholders and our communities are part and parcels of IDP development through Representatives Forums and direct Public engagements. This has assisted the municipality in ensuring the bottom-up approach which is a democratic principle thus our IDP is reflective of community needs in as far as priorities are concerned. We appreciate the efforts made in ensuring that all Ward Committees are functional and active in the municipal service delivery programmes but it is our view that there is still room for improvement.

FINANCIAL VIABILITY AND MANAGEMENT

In response to national call in terms of clean administration, Mandeni Municipality has maintained Unqualified Audit Opinion by Auditor General since 2006 and we believe that Clean Audit is within reach in as far as national target of 2014 is concerned.

SECTION 2: DRAFT IDP 2014/15 REVIEW

Madam Speaker, I can confirm before this Council that we as Mandeni Local Municipality in the review of our IDP 2014/15 have complied fully with the legislative requirement in this case Chapter 5 of the Municipal Systems Act 32 of 2000, as amended which outlines all processes that the municipality must follow or adhere to in developing and reviewing its Integrated Development Plan. Also in the process we ensured that Chapter 4 of the same Act is adhered where Section 16(1)(a) requires a municipality to develop a culture of municipal governance that complements formal representative and must encourage and create conditions for the local community to participate in the affairs of the municipality including preparation, implementation and review of its Integrated Development Plan. Our Draft IDP for 2014/15 before this Council is structured as follow:

Section A (Chapter 1) -pg 9-23 of our agendas: is the Executive Summary which amongst others reflects who we are as Mandeni; how was the IDP developed?; what are the key challenges faced by the municipality, our long-term Vision; Development Opportunities; Summary of Development Objectives and Targets; IDP, Budget and Performance Management Systems (PMS) alignment; Public participation processes/ models and mechanisms to measure our progress.

Section B (Chapter 2)-pg 24-29: Looks at Planning and Development Principles; government policies and imperatives.

Section C (Chapter 3)-pg 30-115: Situational Analysis or Status Quo reflecting on Spatial and Environmental Analysis; Demographic Characteristics; Analysis per Municipal Key Performance

Area (KPA); Community Development Needs analysis; risk management causal factors and SWOT Analysis.

Section D (Chapter 4)-pg 116- 141: reflects on the Municipal Vision; Long-term strategic goals and objectives; developmental strategies and indicators.

Section E (Chapter 5)-pg 142-151: reflects of strategic mapping in terms of spatial focus areas; Key developmental Nodes; municipal projects and Sector departmental projects and programmes and Municipal Capital Investment Plan.

Section F (Chapter 6)-pg 152-156: looks at Municipal Budget Overview and 3 year Municipal Budget; debt collection approaches and revenue enhancement strategy; Asset Management; SCM and Clean Audit.

Section G (Chapter 7)-pg 157-159D: looks at Operational Plan and Organizational PMS.

Madam Speaker reference is made to the item on Draft IDP 2014/15 starting on page 1 to 3 and I hereby propose in line with the recommendations on page 2 of the Item for adoption of the Draft Municipal Integrated Development Plan 2014/15 Review and further recommend that Council embarks on Public Consultation to solicit inputs on the Draft IDP before final document get tabled at Council by end of May 2014.

SECTION 3: DRAFT BUDGET 2014/15

Madam speaker, before moving to the budget I think it is important for me to highlight what are the factors which were taken into account when preparing this budget:

- NERSA's proposed increase of 7.39% for the municipalities and 8.06 percent increase in the cost bulk according to NERSA guideline tariff.

- SALGA's 6.79% increase for municipal employees salaries in line with the bargaining council agreement and the provision to fill critical positions;

- National and local economy challenges which are resulting in joblessness and high rate of unemployment;

- The need to provide for jobs and economic development initiatives;

- The provision for depreciation to replace our assets;

- The need to increase the allocation for maintenance;

- The inflation that is between 6.2% and 5.9% and;

- Cost containment measures.

In light of the above I am hereby presenting to the council the proposed revenue budget of **R146, 679,000** for 2014/2015 financial year and capital budget of **R90, 497,000**. This is an increase from current year's operating budget by 12 percent.

The expenditure required to address the poverty challenges will inevitably exceed available funding; hence difficult choices have to be made in relation to tariff increase and balancing expenditure against realistically anticipated revenues. We have increased the tariff by 6 per cent on property rates. Electricity tariff is set at the maximum of 7 per cent, while maintaining 6 per cent increase on other services.

The operating expenditure budget will be allocated as follows:

The budgeted allocation for employee related costs for the 2014/15 financial year totals **R53.9 million**, which equals 36.7 per cent of the total operating expenditure. Based on the collective SALGBC agreement, salary increases have been factored into this budget at a percentage increase of 6.96 per cent for the 2014/15 financial year.

Remuneration of councilors is **R9, 7 million**. The cost associated with the remuneration of councilors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998)

Debt impairment is **R 3, million**. The provision of debt impairment was determined based on an annual collection rate of 85 per cent and the Debt Write-off Policy of the Municipality.

Depreciation & asset impairment is set to be **R2, million**. Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy.

A bulk electricity purchase is budgeted at **R10, 9 million**. Bulk purchases are directly informed by the purchase of electricity from Eskom.

In line with the Municipality's repairs and maintenance plan, Repairs and maintenance is set at **R15, 4 million**.

Contracted services in the 2014/15 financial year totals **R10.9 million** and has reduced by 23.3 per cent.

General expenditure is totaling to **R40, 6 million**. This category comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved.

The total capital budget for 2014/2015 of **R90, 497,000** will be funded as follows:

National Government Grants	R62, 334,000
----------------------------	---------------------

Own funding	R28, 163,000
-------------	---------------------

This means that our internal funding constitutes 45 percent of our capital budget. In the main the capital budget will be spent on the following projects:

Sundumbili roads Phase 6	R722 661
--------------------------	-----------------

Inyoni taxi route Phase 2	R300 000
Sundumbili Roads Upgrade Phase 7	R1 244 137
Inyoni Taxi route phase 3	R3 107 588
Upgrading of Newark Drive	R12 766 430
PMU (5% Top slice)	R1 647 850
Sport facilities (p-component)	R6 383 526
Hardened Sidewalks	R3 000 000
Rehabilitation of Gravel Rural Roads	R3 784 808
New office accommodation	R12 000 000
Light Delivery Vehicles (LDV's)	R1 000 000
Counter funding on MIG Projects	R5 000 000
CBD Upgrade and improvement	R5 000 000
Skips (Communal Bins)	R1 200 000

This would not have been achieved Madam Speaker, without proper management of resources and I should particularly thank the Municipal Manager, Directors and their Managers for doing extremely well in the way that the Municipality is being managed. Despite extreme pressure due to the lack of financial resources, the municipality and its finances have been well accounted.

In conclusion I wish to state that this Budget Speech represents an executive summary of our Municipality's budget 2014/2015 to 2016/2017 Financial Years and captures only key factors. Details are distributed with the Budget Report and it is presumed that all members of this Council have acquainted themselves with details thereof.

Madam Speaker, it is now my privilege and honor to propose to Council the Draft 2014/2015 Operating and Capital multi-year Budget for adoption as per the budget resolutions set on page 1 of the Draft budget document.

HIS WORSHIP: THE MAYOR

CLLR S.B. ZULU

1.2 Council Resolutions

On 27 March 2014 the Council of Mandeni Municipality met in the Council chambers of Mandeni Municipality to consider the Draft Annual Budget of the municipality for the financial year 2014/15. The Council approved and adopted the following resolutions:

It is resolved:

- That the Council adopts the Draft Annual Budget and supporting documents for 2014/2015 and MTREF in terms of Section 24(1) and (2) of the Local Government: Municipal Finance Management Act 56 of 2003.
 - 2014/2015 to 2016/2017 Draft Annual Budget and supporting documents, **Resolution No: C137**
1. The Council of Mandeni Municipality, acting in terms of section 16(2) of the Municipal Finance Management Act, (Act 56 of 2003) “the Mayor of the municipality must table the annual budget at least 90daysbefore the start of the budget year”:
 - 1.1. The Draft annual budget of the municipality for the financial year 2014/15 and the multi-year and single-year capital appropriations as set out in the following tables:
 - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 13 on page 21;
 - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 14 on page 23;
 - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 15 on page 25; and
 - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 16 on page 27.
 - 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
 - 1.2.1. Budgeted Financial Position as contained in Table 17 on page 28;
 - 1.2.2. Budgeted Cash Flows as contained in Table 18 on page 30;
 - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table 19 on page 30;
 - 1.2.4. Asset management as contained in Table 20 on page 32; and
 - 1.2.5. Basic service delivery measurement as contained in Table 21 on page 35.
 2. The Council of Mandeni Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2014:
 - 2.1. the tariffs for property rates – as set out in Annexure A,
 - 2.2. the tariffs for electricity – as set out in Annexure A
 - 2.3. the tariffs for solid waste services – as set out in Annexure A
 - 2.4. the tariffs for refuse removal as set out in Annexure A

3. The Council of Mandeni Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2014 the tariffs for other services, as set out in Annexure A respectively.
4. To give proper effect to the municipality's Draft annual budget, the Council of Mandeni Municipality approves:
 - 4.1. That cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions, unspent long-term loans and unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations.
5. That the staff structure as budgeted for be approved;
6. Council resolves that the other amended budget related policies reflected in are approved for the budget year 2014/15;
7. Council resolves to adopt the amended Integrated Development Plan and the draft SDBIP reflected in **(Annexure B and C)**.

1.3 Executive Summary

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore and 'nice to have' items.

The Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the Municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circular No. 51, 54, 58 ,59 ,66 ,67 ,70 and 72 were used to guide the compilation of the 2014/15 MTREF.

The main challenges experienced during the compilation of the 2014/15 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained electricity, roads and municipal infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
- The continued difficulty in collecting all that is due to the municipality by consumers; and
- Affordability of capital projects – original allocations had to be reduced and the operational expenditure associated with prior year's capital investments needed to be factored into the budget as part of the 2014/15 MTREF process.

The following budget principles and guidelines directly informed the compilation of the 2014/15 MTREF:

- The 2013/14 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2014/15 annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- The commitments made with Auditor General in achieving the clean audit initiatives;
- The need to fulfill the municipal mandate on the provision of services on disaster management and public safety;
- The consideration on the job evaluation result as the process was undertaken;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk

- electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act.

In view of the aforementioned, the following table is a consolidated overview of the proposed 2014/15 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2014/15 MTREF

KZN291 Mandeni - Table A1 Budget Summary					
Description	Current Year 2013/14		2014/15 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousands					
Total Revenue (excluding capital transfers and contributions)	128 716	130 386	146 679	174 077	181 058
Total Expenditure	134 981	135 401	146 679	174 077	181 058
Surplus/(Deficit)	(6 265)	(5 015)	(0)	0	(0)
<u>Capital expenditure & funds sources</u>					
Capital expenditure	63 288	76 562	90 497	89 367	80 475
Total Budget	198 269	211 964	237 176	263 445	261 533

Total operating revenue has increased by 12.5 per cent or R16.293 Million for the 2014/15 financial year when compared to the 2013/14 Adjustments Budget. For the two outer years, operational revenue will increase by 18.68 and 4.01 per cent respectively, equating to a total revenue growth of R34.4 million over the MTREF when compared to the 2013/14 financial year.

Total operating expenditure for the 2014/15 financial year has been appropriated at R146.7 million and translates into a budgeted net of R0 surplus. When compared to the 2013/14 Adjustments Budget, operational expenditure has grown by 8.33 per cent in the 2014/15 budget and by 18.68 and 4.01 per cent for each of the respective outer years of the MTREF. There has been no operating surplus or deficit in the outer years. The municipality will need to reprioritize the expenditure to be able to fund capital expenditure and to further ensure cash backing of reserves and funds.

The capital budget of R90.5 million for 2014/15 is 18.2 per cent more when compared to the 2013/14 Adjustment Budget. The capital programme decreases to R89.4 million in the 2014/16 financial year and then drops in 2016/17 to R80.4 million. A substantial portion of the capital budget will be funded from government grants. The balance will be funded from internally generated funds.

1.4 Operating Revenue Framework

For Mandeni Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's reviewed revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 85 per cent annual collection rate for property rates and other key service charges;
- Municipality tariff increases as approved by the National Energy Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

The following table is a summary of the 2014/15 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

KZN291 Mandeni - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description R thousand	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue By Source									
Property rates	20 451	20 866	33 472	25 314	25 314	25 314	24 466	25 788	27 180
Property rates - penalties & collection charges	393	353	5 075	450	450	450	2 000	2 108	2 222
Service charges - electricity revenue	8 979	10 720	11 213	12 556	12 556	12 556	13 056	13 761	14 504
Service charges - refuse revenue	4 376	5 264	5 588	6 050	6 050	6 050	6 550	6 904	7 277
Rental of facilities and equipment	187	204	259	190	190	190	190	200	211
Interest earned - external investments	2 002	2 283	2 809	2 000	2 000	2 000	2 500	2 635	2 777
Fines	452	91	93	55	55	55	505	532	561
Licences and permits	1 191	3	15	250	250	250	300	316	333
Transfers recognised - operational	116 530	97 544	93 360	80 781	82 451	82 451	96 742	121 444	125 582
Other revenue	6 421	19 040	4 445	1 071	1 071	1 071	370	389	410
Total Revenue (excluding capital transfers and contributions)	160 980	156 368	156 330	128 716	130 386	130 386	146 679	174 077	181 058

Table 3 Percentage growth in revenue by main revenue source

KZN291 Mandeni - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description R thousand	Current Year 2013/14	2014/15 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget	Budget Year 2014/15	% change	Budget Year +1 2015/16	% Change	Budget Year +2 2016/17	% Change
Revenue By Source							
Property rates	25 314	24 466	-3.35	25 788	5.40	27 180	5.40
Property rates - penalties & collection charges	450	2 000	344.44	2 108	5.40	2 222	5.40
Service charges - electricity revenue	12 556	13 056	3.98	13 761	5.40	14 504	5.40
Service charges - refuse revenue	6 050	6 550	8.26	6 904	5.40	7 277	5.40
Rental of facilities and equipment	190	190	-	200	5.40	211	5.40
Interest earned - external investments	2 000	2 500	25.00	2 635	5.40	2 777	5.40
Fines	55	505	818.18	532	5.40	561	5.40
Licences and permits	250	300	20.00	316	5.40	333	5.40
Transfers recognised - operational	82 451	96 742	17.33	121 444	25.53	125 582	3.41
Other revenue	1 071	370	-65.47	389	5.31	410	5.40
Total Revenue (excluding capital transfers and contributions)	130 386	146 679	12.50	174 077	-18.68	181 058	4.01

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality. Rates and service charge revenues comprise just below one thirds of the total revenue mix. In the 2013/15 financial year, revenue from rates and services charges totaled R44.3 million or 34 per cent. This increases to R46.5 million, R48.5 million and R51.1 million in the respective financial years of the MTREF. The above table excludes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality. Details in this regard are contained in Table 64 MBRR SA1 (see page 87). The fact that rates revenue decreased this budget year is to compensate the community on rates impact due to the implementation of the valuation roll in 2012/13.

Operating grants and transfers totals R96.7 million in the 2014/15 financial year and steadily increases to R125.5 million by 2016/17. Note that the year-on-year growth for the 2014/15 financial year is 17.3 per cent and then increase to 25.5 and 3.4 per cent in the two outer years. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 4 Operating Transfers and Grant Receipts

KZN291 Mandeni - Supporting Table SA18 Transfers and grant receipts

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
RECEIPTS:									
Operating Transfers and Grants									
National Government:	51 442	59 056	67 608	77 830	77 830	77 830	94 794	121 444	125 582
Local Government Equitable Share	49 629	57 058	65 009	74 290	74 290	74 290	90 414	118 527	122 464
Finance Management	1 141	1 265	1 500	1 650	1 650	1 650	1 800	1 950	2 100
Municipal Systems Improvement	672	733	800	890	890	890	934	967	1 018
EPWP Incentive	-	-	299	1 000	1 000	1 000	1 646	-	-
Other transfers/grants [insert description]									
Provincial Government:	65 087	38 488	25 752	2 951	4 621	4 621	1 948	-	-
Community Participation IDP (Prov.)	-	-	-	200	200	200	-	-	-
Joint Project Funding (Prov.)	-	-	-	1 149	1 149	1 149	-	-	-
Provincialization of Libraries	-	563	563	1 362	1 362	1 362	1 420	-	-
Recapitalisation- Community Library	-	-	-	240	240	240	378	-	-
Other transfers/grants [insert description]	65 087	37 925	25 189	-	1 670	1 670	150	-	-
Total Operating Transfers and Grants	116 530	97 544	93 360	80 781	82 451	82 451	96 742	121 444	125 582

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increases of Eskom bulk tariffs are moderate this year at 7.39 per cent. Given that these tariff increases are determined by external agencies, the impact they have on the municipality and in these tariffs are largely outside the control of the Municipality. Discounting the impact of these price increases in lower consumer tariffs will erode the Municipality's future financial position and viability.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of city and water, petrol, diesel, chemicals, cement etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the Municipality has undertaken the tariff setting process relating to service charges as follows.

1.4.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance and Traditional affairs. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0,25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy;
- For pensioners, physically and mentally disabled persons, a maximum/total rebate of 100 per cent will be granted to owners of rate-able property .
- In this regard the following stipulations are relevant:
 - The rate-able property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependants without income;
 - The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, proof of certification by a Medical Officer of Health
 - The applicant's account must be paid in full, or if not, an arrangement to pay the debt should be in place; and
 - The property must be categorized as residential.

The municipality received a number of objections resulting from the new valuation roll implementation in 2012. In consideration of the real problem the tariff for 2014/15 is proposed to be increased.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2014/15 financial year based on a new valuation roll implementation from 1 July 2012 is contained below:

As a result there will be a 6 percent increase in the rates tariff for 2014/15.

Table 5 Comparison of proposed rates to be levied for the 2014/15 financial year

Property category/Use	Tariff 2014/15	Tariff 2013/14
Residential	0.0105	0.0099
Industrial	0.0138	0.0130
Commercial	0.0178	0.0168
Farms Agriculture Purpose	0.0028	0.0026
Farms Commercial Purpose	0.0178	0.0168
Farms Other than (i) and (ii)	0.0166	0.0157
State Owned Properties	0.0166	0.0157
Municipal Properties	-	-
Public Service Infrastructure	0.0028	0.0026
Public Benefit Organisation	-	-
Vacant land	0.0168	0.0158

1.4.2 Sale of Electricity and Impact of Tariff Increases

NERSA announced the revised bulk electricity pricing structure in April 7.39 per cent increase in the Eskom bulk electricity tariff to municipalities will be effective from 1 July 2014.

Considering the Eskom increases, the consumer tariff had to be increased by 7.39 per cent to offset the additional bulk purchase cost from 1 July 2014. Furthermore, it should be noted that given the magnitude of the tariff increase, it is expected to depress growth in electricity consumption, which will have a negative impact on the municipality's revenue from electricity.

Registered indigents will again be granted 50 kWh per 30-day period free of charge. In addition those residential customers that are not registered as indigent, but that consume less than 50 kWh per 30-day period will receive 50 kWh free of charge.

It should further be noted that the municipality has adhered to NERSA's advised that a stepped tariff structure needs to be implemented from 1 July 2011. The effect thereof is that the higher the consumption, the higher the cost per kWh. The aim is to subsidise the lower consumption users (mostly the poor).

Inclining Block Tariff

The following is the basis of the price increases that has been used in developing the rates for the IBTs:

- Block 1 - The 2014/15 benchmarks were increased by the CPI inflation of 6.2%.
- Block 2 - The 2014/15 benchmarks were increased by the CPI of 6.2% plus 1% this results in a total increase of 7.3%.
- Block 3 & 4 - The 2013/14 benchmarks were increased by the municipal tariff guideline increase of 7.39%.
- The 2013/14 commercial and industrial benchmarks were increased by the municipal tariff guideline of 7.39%.

The following table shows the impact of the proposed increases in electricity tariffs on the electricity charges for domestic customers:

Table 6 Comparison between current electricity charges and increases (Domestic)

kWh	NERSA's benchmark	Current tariff	Proposed	Customers
0 - 50	61 - 66	64.22	68.72	27
51 - 350	77 - 82	80.65	86.30	229
351 - 600	104 - 109	86.25	92.29	475
>600	124 - 129	116.43	124.58	137

The inadequate electricity bulk capacity and the impact on service delivery and development remains a challenge for the Municipality. Most of the suburbs and inner Municipality reticulation network was designed or strengthened in the early 1980's with an expected 20-25 year life-expectancy. The upgrading of the Municipality's network has therefore become a strategic priority, especially the substations and transmission lines.

The budget for the Electricity Distribution Division can only be utilised for certain committed upgrade projects and to strengthen critical infrastructure (e.g. substations without back-up supply). It is estimated that special funding for electricity bulk infrastructure to the amount of R1.7 million per year for five years will be necessary to steer the Municipality out of this predicament.

Owing to the high increases in Eskom's bulk tariffs, it is clearly not possible to fund these necessary upgrades through increases in the municipal electricity tariff – as the resultant tariff increases would be unaffordable for the consumers. A funding model needs to be developed to mitigate this burden.

1.4.3 Waste Removal and Impact of Tariff Increases

Currently solid waste removal is operating at a deficit. It is widely accepted that the rendering of this service should at least break even, which is currently not the case. The Municipality will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. The main contributor to this deficit is the high cost of outsourced contract. Considering the deficit, a comprehensive investigation into the cost structure of solid waste function will be undertaken, and that this include investigating alternative service delivery models. The outcomes of this investigation will be incorporated into the next planning cycle.

A 6 per cent increase in the waste removal tariff is proposed from 1 July 2014/15. Higher increases will not be viable in 2014/15 owing to the significant increases implemented in previous financial years as well as the overall impact of higher than inflation increases of other services. Any increase higher than 6 per cent would be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt.

1.4.4 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

Note that in all instances the overall impact of the tariff increases on household's bills has been kept to between 6 and 13.05 per cent.

Table 7 MBRR Table SA14 – Household bills

KZN291 Mandeni - Supporting Table SA14 Household bills

Description	Current Year 2013/14	2014/15 Medium Term Revenue & Expenditure Framework			
	Original Budget	Budget Year 2014/15 % incr.	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Rand/cent					
Monthly Account for Household - 'Middle Income Range'					
Rates and services charges:					
Property rates	375.67	–	375.67	398.21	422.10
Electricity: Basic levy	209.03	7.0%	441.05	476.00	609.32
Electricity: Consumption	1 804.89	7.0%	2 003.43	2 163.00	2 314.41
Refuse removal	114.69	6.0%	121.57	129.00	136.74
Other					
sub-total	2 504.28	17.5%	2 941.72	3 166.21	3 482.57
VAT on Services					
Total large household bill:	2 504.28	17.5%	2 941.72	3 166.21	3 482.57
% increase/-decrease	(8.4%)		13.7%	7.6%	10.0%
Monthly Account for Household - 'Affordable Range'					
Rates and services charges:					
Property rates	69.47	–	69.47	73.64	78.06
Electricity: Basic levy	232.56	7.0%	258.14	279.00	298.53
Electricity: Consumption	358.73	7.0%	398.19	430.00	460.10
Refuse removal	114.71	6.0%	121.59	128.00	135.68
Other					
sub-total	775.47	9.3%	847.39	910.64	972.37
VAT on Services					
Total small household bill:	775.47	9.3%	847.39	910.64	972.37
% increase/-decrease	(7.6%)		7.8%	7.5%	6.8%

1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2014/15 budget and MTREF is informed by the following:

- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of *no project plan no budget*. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2014/15 budget and MTREF (classified per main type of operating expenditure):

Table 8 Summary of operating expenditure by standard classification item

KZN291 Mandeni - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description R thousand	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Expenditure By Type									
Employee related costs	28 103	33 145	31 790	43 142	43 142	43 142	53 934	56 846	60 143
Remuneration of councillors	6 211	7 523	8 029	9 021	9 021	9 021	9 718	10 242	10 836
Debt impairment	9 689	3 081	–	2 842	2 842	2 842	3 000	3 162	3 333
Depreciation & asset impairment	17 507	15 360	823	2 000	2 000	2 000	2 000	2 685	2 824
Finance charges	43	14	–	–	–	–	–	–	–
Bulk purchases	5 868	7 269	7 437	10 084	10 084	10 084	10 991	11 585	12 210
Other materials	5 432	10 181	8 486	13 966	13 966	13 966	15 446	16 280	17 159
Contracted services	8 978	9 432	10 039	14 290	14 290	14 290	10 960	10 377	10 744
Other expenditure	29 171	23 340	51 533	39 637	40 057	40 057	40 630	62 899	63 807
Loss on disposal of PPE	585	60	–	–	–	–	–	–	–
Total Expenditure	111 588	109 405	118 137	134 981	135 401	135 401	146 679	174 077	181 058

The budgeted allocation for employee related costs for the 2014/15 financial year totals R53.9 million, which equals 36.7 per cent of the total operating expenditure. Based on the collective SALGBC agreement, salary increases have been factored into this budget at a percentage increase of 6.96 per cent for the 2014/15 financial year. An annual increase of 5.9 per cent has been included in the two outer years of the MTREF. As part of the Municipality's cost reprioritization and cash management strategy vacancies have been put on hold. As part of the planning assumptions and interventions most vacancies are frozen from the budget and a report was compiled by the Corporate Services Department in relation to the prioritization of critical vacancies within the Municipality. The exercise of the job evaluation has resulted in an inability of the municipality to budget for vacancies in 2014/15. In addition expenditure against overtime was significantly reduced, with provisions against this budget item only being provided for emergency services and other critical functions.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget. This includes the provision for medical aid for Councilors.

The provision of debt impairment was determined based on an annual collection rate of 85 per cent and the Debt Write-off Policy of the Municipality. For the 2014/15 financial year the additional amount equates to R3million to R3.3 million by 2015/16. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R2million for the 2014/15 financial and equates to 1 per cent of the total operating expenditure. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years.

Bulk purchases are directly informed by the purchase of electricity from Eskom. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses.

Other materials comprise of amongst others the purchase of materials for maintenance, cleaning materials and chemicals. In line with the Municipality's repairs and maintenance plan this group of expenditure has been prioritized to ensure sustainability of the Municipality's infrastructure. For 2014/15 the appropriation against this group of expenditure has grown by 10 per cent (R15.4 million) and continues to 5.4 for the two outer years of which budget allocation is in excess of R17 million by 2016/17.

Contracted services has been identified as a cost saving area for the Municipality. As part of the compilation of the 2014/15 MTREF this group of expenditure was critically evaluated and operational efficiencies were enforced. In the 2014/15 financial year, this group of expenditure totals R10.9 million and has reduced by 23.3 per cent. As part of the process of identifying further cost efficiencies, a business process reengineering project will commence in the 2014/15 financial year to identify alternative practices and procedures, including building in-house capacity for certain activities that are currently being contracted out. The outcome of this exercise will be factored into this budget cycle and it is envisaged that additional cost savings will be implemented.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. Growth has been reversed in this area indicating that significant cost savings have been already realized.

The following table gives a breakdown of the main expenditure categories for the 2014/15 financial year.

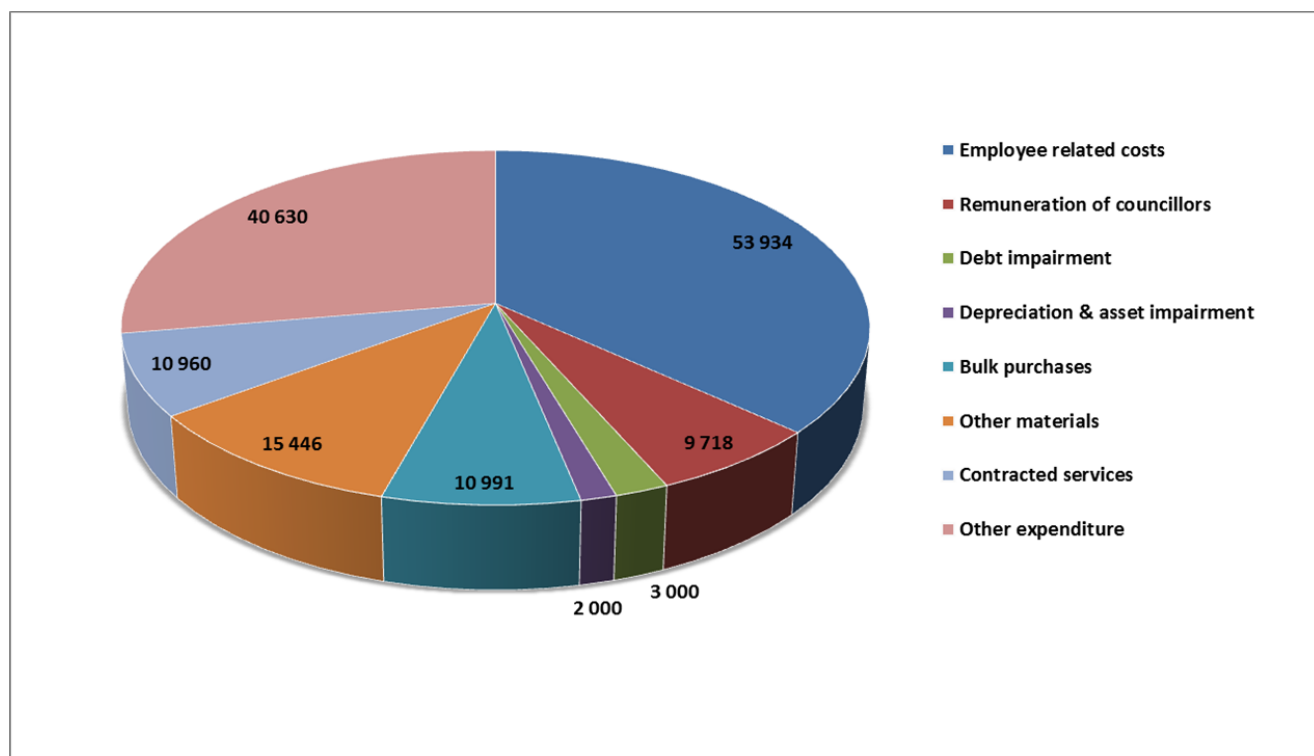


Figure 1 Main operational expenditure categories for the 2014/15 financial year

1.5.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2014/15 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the Municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance:

Table 9 Operational repairs and maintenance

KZN291 Mandeni - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

Description	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand										
Repairs and Maintenance										
Employee related costs	4 778	5 635	5 404	7 334	7 334	7 334	7 334	9 169	9 664	10 224
Other materials	1 225 051.08	1 625	2 081 191.58	3 555	3 555	3 555	3 555	3 855	4 063	4 283
Contracted Services	4 207	8 556	6 405	10 411	10 411	10 411	10 411	11 591	12 217	12 876
Other Expenditure										
Total Repairs and Maintenance Expenditure	10 210	15 815	13 891	21 300	21 300	21 300	21 300	24 615	25 944	27 383

During the compilation of the 2014/15 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure and historic deferred maintenance and the weather pattern disasters especially to rural roads. To this end, repairs and maintenance for roads was substantially increased by 15.6 per cent in the 2014/15 financial year, from R21.3 million to R24.6 million. The total allocation for 2014/15 equates to R24.6 million a growth of 15.6 per cent in relation to the Adjustment Budget and continues. In relation to the total operating expenditure, repairs and maintenance comprises of 5.3 per cent for the respective financial years of the MTREF.

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

Table 10 Repairs and maintenance per asset class

KZN291 Mandeni - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand									
Repairs and maintenance expenditure by Asset Class/Sub-class									
<u>Infrastructure</u>	7 820	13 123	8 314	12 434	12 434	12 434	14 969	15 777	16 668
<u>Community</u>	736	826	2 559	3 280	3 280	3 280	3 780	3 984	4 200
<u>Other assets</u>	1 654	1 867	3 017	5 586	5 586	5 586	5 866	6 182	6 516
Total Repairs and Maintenance Expenditure	10 210	15 815	13 891	21 300	21 300	21 300	24 615	25 944	27 383
<i>R&M as a % of PPE</i>	4.9%	7.2%	6.0%	7.2%	7.2%	7.2%	8.4%	7.7%	7.6%
<i>R&M as % Operating Expenditure</i>	9.1%	14.5%	11.8%	15.8%	15.7%	15.7%	16.8%	14.9%	15.1%

For the 2014/15 financial year, 60.5 per cent or R14.9 million of total repairs and maintenance will be spent on infrastructure assets. Community assets has been allocated R37 million of total repairs and maintenance equating to 14 per cent.

1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. The target is to register 3000 or more

indigent households during the 2014/15 financial year, a process reviewed annually. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement).

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

1.6 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

Table 11 2014/15 Medium-term capital budget per vote

KZN291 Mandeni - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description R thousand	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Capital expenditure - Vote										
<i>Multi-year expenditure to be appropriated</i>										
Vote 1 - Executive and Council	3	-	-	129	129	129	129	253	-	-
Vote 2 - Budget and Terasury	5	714	-	120	120	120	120	90	-	-
Vote 3 - Corporate Services	10	-	-	500	500	500	500	150	-	-
Vote 4 - Community and Social Services	128	-	-	400	400	400	400	2 083	2 706	2 112
Vote 5 - Sport and Recreation	-	-	-	600	600	600	600	750	3 200	5 000
Vote 6 - Public Safety	3	-	-	-	-	-	-	898	-	10 000
Vote 7 - Housing	9 848	-	-	-	-	-	-	-	-	-
Vote 8 - Health	25	-	-	-	-	-	-	-	-	-
Vote 9 - Planning and Development	29 873	16 080	-	5 612	5 612	5 612	5 612	35 967	26 972	5 370
Vote 10 - Environmental Protection	0	-	-	440	440	440	440	410	-	-
Vote 11 - Road transport	11 513	29 224	-	52 887	66 162	66 162	66 162	38 347	46 489	47 993
Vote 12 - Waste Management	-	-	-	600	600	600	600	1 300	-	-
Vote 13 - Electricity	943	-	-	2 000	2 000	2 000	2 000	10 250	10 000	10 000
Total Capital Expenditure - Vote	52 351	46 018	-	63 288	76 562	76 562	76 562	90 497	89 367	80 475

For 2014/15 an amount of R28 Million has been appropriated for the development of infrastructure which represents 31 per cent of the total capital budget. In the outer years this amount totals R39 million and R29 million respectively for each of the financial years. Transport and roads receives the highest allocation of R38.3million in 2014/15 which equates to 42.3 per cent followed by planning and development at 38.8 per cent, R35.9 million.

Total new assets represent 66 per cent or R59.9 million of the total capital budget while asset renewal equates to 34 per cent or R30.9 million. Some of the salient projects to be undertaken over the medium-term includes, amongst others:

1.7 Annual Budget Tables - Parent Municipality

The following eighteen pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's

2014/15 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 12 MBRR Table A1 - Budget Summary

KZN291 Mandeni - Table A1 Budget Summary

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousands									
Financial Performance									
Property rates	20 844	21 219	38 547	25 764	25 764	25 764	26 466	27 896	29 402
Service charges	13 355	15 984	16 801	18 606	18 606	18 606	19 606	20 665	21 781
Investment revenue	2 002	2 283	2 809	2 000	2 000	2 000	2 500	2 635	2 777
Transfers recognised - operational	116 530	97 544	93 360	80 781	82 451	82 451	96 742	121 444	125 582
Other own revenue	8 250	19 338	4 813	1 566	1 566	1 566	1 365	1 438	1 516
Total Revenue (excluding capital transfers and contributions)	160 980	156 368	156 330	128 716	130 386	130 386	146 679	174 077	181 058
Employee costs	28 103	33 145	31 790	43 142	43 142	43 142	53 934	56 846	60 143
Remuneration of councillors	6 211	7 523	8 029	9 021	9 021	9 021	9 718	10 242	10 836
Depreciation & asset impairment	17 507	15 360	823	2 000	2 000	2 000	2 000	2 685	2 824
Finance charges	43	14	-	-	-	-	-	-	-
Materials and bulk purchases	11 301	17 450	15 924	24 050	24 050	24 050	26 437	27 865	29 369
Transfers and grants	-	-	-	-	-	-	-	-	-
Other expenditure	48 423	35 913	61 571	56 769	57 189	57 189	54 590	76 439	77 884
Total Expenditure	111 588	109 405	118 137	134 981	135 401	135 401	146 679	174 077	181 058
Surplus/(Deficit)	49 392	46 962	38 193	(6 265)	(5 015)	(5 015)	(0)	0	(0)
Transfers recognised - capital	(35 513)	(33 613)	-	(31 857)	(51 050)	(51 050)	(62 334)	(49 528)	(51 363)
Contributions recognised - capital & contributed a	35 513	33 613	-	31 857	51 050	51 050	62 334	49 528	51 363
Surplus/(Deficit) after capital transfers & contributions	49 392	46 962	38 193	(6 265)	(5 015)	(5 015)	(0)	0	(0)
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	49 392	46 962	38 193	(6 265)	(5 015)	(5 015)	(0)	0	(0)
Capital expenditure & funds sources									
Capital expenditure	52 351	46 018	-	63 288	76 562	76 562	90 497	89 367	80 475
Transfers recognised - capital	35 513	33 613	-	31 857	51 081	51 081	62 334	49 528	51 363
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	16 838	12 404	-	31 431	25 512	25 512	28 163	39 839	29 112
Total sources of capital funds	52 351	46 018	-	63 288	76 593	76 593	90 497	89 367	80 475
Financial position									
Total current assets	42 784	77 177	103 350	99 524	99 524	99 524	89 006	69 000	87 000
Total non current assets	207 909	243 613	254 994	318 549	318 549	318 549	315 675	359 043	384 847
Total current liabilities	11 179	17 430	20 600	15 177	15 177	15 177	28 208	14 220	16 220
Total non current liabilities	6 119	10 220	9 731	10 000	10 000	10 000	10 000	10 000	10 000
Community wealth/Equity	247 737	292 810	331 241	418 073	415 144	412 215	409 386	477 447	547 980
Cash flows									
Net cash from (used) operating	44 158	68 422	40 057	62 044	62 044	62 044	77 145	68 061	70 534
Net cash from (used) investing	(40 076)	(40 926)	(29 773)	(68 889)	(68 889)	(68 889)	(90 780)	(89 374)	(80 482)
Net cash from (used) financing	(196)	(80)	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	35 773	63 189	73 473	66 524	66 524	66 524	52 889	31 577	21 629
Cash backing/surplus reconciliation									
Cash and investments available	35 775	63 190	73 474	66 524	66 524	66 524	49 006	35 000	50 000
Application of cash and investments	20 680	30 015	28 935	8 188	8 188	8 188	26 130	2 795	3 219
Balance - surplus (shortfall)	15 095	33 175	44 539	58 336	58 336	58 336	22 876	32 205	46 781
Asset management									
Asset register summary (WDV)	198 119	241 313	259 646	267 557	267 557	267 557	294 434	314 934	322 914
Depreciation & asset impairment	17 507	15 360	823	2 000	2 000	2 000	2 000	2 685	2 824
Renewal of Existing Assets	-	-	-	24 640	45 682	45 682	30 930	17 811	17 482
Repairs and Maintenance	10 210	15 815	13 891	21 300	21 300	21 300	24 615	25 944	27 383
Free services									
Cost of Free Basic Services provided	730	730	-	730	-	730	730	-	-
Revenue cost of free services provided	3 730	3 730	-	3 730	-	3 730	3 730	-	-
Households below minimum service level									
Water:	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-
Energy:	15	15	-	15	-	15	15	-	-
Refuse:	9	9	-	9	-	9	9	-	-

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - iii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. This place the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the Funding and Reserves Policy. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations. It is anticipated that the goal of having all obligations cash-back will be achieved by 2015/16, when a small surplus is reflected.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs.

Table 13 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

KZN291 Mandeni - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description R thousand	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue - Standard									
<i>Governance and administration</i>	92 368	98 338	112 415	100 125	100 125	100 125	115 780	141 996	145 783
Executive and council	2 040	4 040	18	6 478	6 478	6 478	5 860	6 121	6 396
Budget and treasury office	90 230	94 120	112 234	93 647	93 647	93 647	109 920	135 875	139 387
Corporate services	98	179	163	-	-	-	-	-	-
<i>Community and public safety</i>	12 740	4 637	1 067	2 023	2 023	2 023	2 918	1 023	1 078
Community and social services	138	643	880	1 667	1 667	1 667	2 013	69	72
Sport and recreation	12	9	5	12	12	12	12	13	13
Public safety	1 639	89	87	344	344	344	893	942	992
Housing	9 848	2 768	-	-	-	-	-	-	-
Health	1 104	1 127	94	-	-	-	-	-	-
<i>Economic and environmental services</i>	40 118	34 094	23 141	300	1 970	1 970	300	316	333
Planning and development	28 609	16 560	23 141	300	1 970	1 970	300	316	333
Road transport	11 509	17 534	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-
<i>Trading services</i>	15 754	19 298	19 707	26 268	26 268	26 268	27 680	30 743	33 863
Electricity	11 378	13 034	12 310	15 880	15 880	15 880	16 130	17 839	19 586
Water	-	-	-	-	-	-	-	-	-
Waste water management	-	-	-	-	-	-	-	-	-
Waste management	4 376	6 264	7 397	10 387	10 387	10 387	11 550	12 904	14 277
<i>Other</i>	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	160 980	156 368	156 330	128 716	130 386	130 386	146 679	174 077	181 058
Expenditure - Standard									
<i>Governance and administration</i>	58 414	57 341	45 825	54 118	54 118	54 118	57 693	82 203	85 283
Executive and council	12 309	17 571	24 055	23 434	23 434	23 434	25 189	26 549	28 046
Budget and treasury office	38 933	32 967	13 726	18 860	18 860	18 860	19 650	42 105	42 928
Corporate services	7 173	6 803	8 044	11 824	11 824	11 824	12 854	13 549	14 308
<i>Community and public safety</i>	23 299	16 258	9 555	20 570	20 570	20 570	26 292	26 139	27 408
Community and social services	5 091	4 549	5 049	9 449	9 449	9 449	11 493	11 715	12 377
Sport and recreation	384	392	461	584	584	584	763	805	850
Public safety	6 274	6 436	3 569	10 537	10 537	10 537	14 035	13 619	14 181
Housing	9 871	2 831	1	-	-	-	-	-	-
Health	1 680	2 050	476	-	-	-	-	-	-
<i>Economic and environmental services</i>	12 804	18 328	46 346	35 202	35 622	35 622	41 984	43 907	45 345
Planning and development	6 084	7 160	36 583	19 954	21 624	21 624	24 741	25 801	27 549
Road transport	3 246	7 950	5 546	9 341	8 091	8 091	10 098	10 576	9 846
Environmental protection	3 473	3 218	4 218	5 907	5 907	5 907	7 144	7 530	7 950
<i>Trading services</i>	17 070	17 478	18 089	25 092	25 092	25 092	20 711	20 215	21 314
Electricity	9 273	10 235	10 637	13 173	13 173	13 173	14 852	15 654	16 506
Water	-	-	-	-	-	-	-	-	-
Waste water management	-	-	-	-	-	-	-	-	-
Waste management	7 797	7 243	7 452	11 919	11 919	11 919	5 858	4 561	4 808
<i>Other</i>	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	111 588	109 405	119 816	134 981	135 401	135 401	146 679	172 463	179 350
Surplus/(Deficit) for the year	49 392	46 962	36 513	(6 265)	(5 015)	(5 015)	(0)	1 614	1 708

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Corporate Services.

Table 14 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

KZN291 Mandeni - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description R thousand	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue by Vote									
Vote 1 - Executive and Council	2 040	4 040	18	6 478	6 478	6 478	5 860	6 121	6 396
Vote 2 - Budget and Terasury	90 230	94 449	112 234	93 647	93 647	93 647	109 920	135 875	139 387
Vote 3 - Corporate Services	98	179	163	-	-	-	-	-	-
Vote 4 - Community and Social Services	138	643	880	1 667	1 667	1 667	2 013	69	72
Vote 5 - Sport and Recreation	12	9	5	12	12	12	12	13	13
Vote 6 - Public Safety	1 639	89	87	344	344	344	893	942	992
Vote 7 - Housing	9 848	2 768	-	-	-	-	-	-	-
Vote 8 - Health	1 104	1 127	94	-	-	-	-	-	-
Vote 9 - Planning and Development	28 609	16 560	23 141	300	1 970	1 970	300	316	333
Vote 10 - Environmental Protection	-	-	-	-	-	-	-	-	-
Vote 11 - Road transport	11 509	17 534	-	-	-	-	-	-	-
Vote 12 - Waste Management	4 376	6 264	7 397	10 387	10 387	10 387	11 550	12 904	14 277
Vote 13 - Electricity	11 378	13 034	12 310	15 880	15 880	15 880	16 130	17 839	19 586
Vote 14 - [NAME OF VOTE 14]	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-	-	-	-
Total Revenue by Vote	160 980	156 697	156 330	128 716	130 386	130 386	146 679	174 077	181 058
Expenditure by Vote to be appropriated									
Vote 1 - Executive and Council	12 309	17 571	24 055	23 434	23 434	23 434	25 189	26 549	28 046
Vote 2 - Budget and Terasury	39 083	32 967	13 726	18 860	18 860	18 860	19 650	42 105	42 928
Vote 3 - Corporate Services	7 173	6 803	8 044	11 824	11 824	11 824	12 854	13 549	14 308
Vote 4 - Community and Social Services	5 091	4 549	5 049	9 449	9 449	9 449	11 493	11 715	12 377
Vote 5 - Sport and Recreation	384	392	461	584	584	584	763	805	850
Vote 6 - Public Safety	6 274	6 436	3 569	10 537	10 537	10 537	14 035	13 619	14 181
Vote 7 - Housing	9 871	2 831	1	-	-	-	-	-	-
Vote 8 - Health	1 680	2 050	476	-	-	-	-	-	-
Vote 9 - Planning and Development	6 084	7 160	36 583	19 954	21 624	21 624	24 741	25 801	27 549
Vote 10 - Environmental Protection	3 473	3 218	4 307	5 907	5 907	5 907	7 144	7 530	7 950
Vote 11 - Road transport	3 246	7 950	5 546	9 341	8 091	8 091	10 098	10 576	9 846
Vote 12 - Waste Management	7 797	7 243	7 452	11 919	11 919	11 919	5 858	4 561	4 808
Vote 13 - Electricity	9 273	10 235	10 637	13 173	13 173	13 173	14 852	15 654	16 506
Vote 14 - [NAME OF VOTE 14]	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	111 739	109 405	119 906	134 981	135 401	135 401	146 679	172 463	179 350
Surplus/(Deficit) for the year	49 242	47 292	36 424	(6 265)	(5 015)	(5 015)	(0)	1 614	1 708

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for the city and water trading services.

Table 15 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

KZN291 Mandeni - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description R thousand	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue By Source									
Property rates	20 451	20 866	33 472	25 314	25 314	25 314	24 466	25 788	27 180
Property rates - penalties & collection charges	393	353	5 075	450	450	450	2 000	2 108	2 222
Service charges - electricity revenue	8 979	10 720	11 213	12 556	12 556	12 556	13 056	13 761	14 504
Service charges - water revenue	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	4 376	5 264	5 588	6 050	6 050	6 050	6 550	6 904	7 277
Service charges - other	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	187	204	259	190	190	190	190	200	211
Interest earned - external investments	2 002	2 283	2 809	2 000	2 000	2 000	2 500	2 635	2 777
Interest earned - outstanding debtors	-	-	-	-	-	-	-	-	-
Dividends received	-	-	-	-	-	-	-	-	-
Fines	452	91	93	55	55	55	505	532	561
Licences and permits	1 191	3	15	250	250	250	300	316	333
Agency services	-	-	-	-	-	-	-	-	-
Transfers recognised - operational	116 530	97 544	93 360	80 781	82 451	82 451	96 742	121 444	125 582
Other revenue	6 421	19 040	4 445	1 071	1 071	1 071	370	389	410
Gains on disposal of PPE	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	160 980	156 368	156 330	128 716	130 386	130 386	146 679	174 077	181 058
Expenditure By Type									
Employee related costs	28 103	33 145	31 790	43 142	43 142	43 142	53 934	56 846	60 143
Remuneration of councillors	6 211	7 523	8 029	9 021	9 021	9 021	9 718	10 242	10 836
Debt impairment	9 689	3 081	-	2 842	2 842	2 842	3 000	3 162	3 333
Depreciation & asset impairment	17 507	15 360	823	2 000	2 000	2 000	2 000	2 685	2 824
Finance charges	43	14	-	-	-	-	-	-	-
Bulk purchases	5 868	7 269	7 437	10 084	10 084	10 084	10 991	11 585	12 210
Other materials	5 432	10 181	8 486	13 966	13 966	13 966	15 446	16 280	17 159
Contracted services	8 978	9 432	10 039	14 290	14 290	14 290	10 960	10 377	10 744
Transfers and grants	-	-	-	-	-	-	-	-	-
Other expenditure	29 171	23 340	51 533	39 637	40 057	40 057	40 630	62 899	63 807
Loss on disposal of PPE	585	60	-	-	-	-	-	-	-
Total Expenditure	111 588	109 405	118 137	134 981	135 401	135 401	146 679	174 077	181 058
Surplus/(Deficit)	49 392	46 962	38 193	(6 265)	(5 015)	(5 015)	(0)	0	(0)
Transfers recognised - capital	(35 513)	(33 613)	-	(31 857)	(51 050)	(51 050)	(62 334)	(49 528)	(51 363)
Contributions recognised - capital	52 351	46 018	-	63 288	76 562	76 562	90 497	89 367	80 475
Contributed assets	(16 838)	(12 404)	-	(31 431)	(25 512)	(25 512)	(28 163)	(39 839)	(29 112)
Surplus/(Deficit) after capital transfers & contributions	49 392	46 962	38 193	(6 265)	(5 015)	(5 015)	(0)	0	(0)
Taxation									
Surplus/(Deficit) after taxation	49 392	46 962	38 193	(6 265)	(5 015)	(5 015)	(0)	0	(0)
Attributable to minorities									
Surplus/(Deficit) attributable to municipality	49 392	46 962	38 193	(6 265)	(5 015)	(5 015)	(0)	0	(0)
Share of surplus/ (deficit) of associate									
Surplus/(Deficit) for the year	49 392	46 962	38 193	(6 265)	(5 015)	(5 015)	(0)	0	(0)

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue is R146.6 million in 2014/15 and escalates to R174 million by 2015/16. This represents a year-on-year increase of 12.7 per cent for the 2014/15 financial year and 18.6 per cent for the 2015/16 financial year.
2. Revenue to be generated from property rates is R24.4 million in the 2014/15 financial year and increases to R25.7 million by 2015/16 which represents 16.6 per cent of the operating revenue base of the Municipality. This represents a change due to implementation of the new valuation roll. Although the Council decided to increase rates tariff, the market value of properties had an effect of an increase on rates.
3. Services charges relating to electricity and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R19.6 million for the 2014/15 financial year and increasing to R20.6 million by 2015/16. For the 2014/15 financial year services charges amount to 13.3 per cent of the total revenue base and grows by 8 per cent per annum over the medium-term. This growth can mainly be attributed to the increase in the bulk prices of electricity.
4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that in real terms the grants receipts from national government are growing rapidly over the MTREF by 17.4 per cent and 25.5 per cent for the two outer years.
5. Bulk purchases have significantly increased over the 2013/14 to 2014/15 period escalating from R10 million to R10.9 million. These increases can be attributed to the substantial increase in the cost of bulk electricity from Eskom.
6. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

Table 16 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

KZN291 Mandeni - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description R thousand	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Capital expenditure - Vote										
<i>Multi-year expenditure to be appropriated</i>										
Vote 1 - Executive and Council	3	-	-	129	129	129	129	253	-	-
Vote 2 - Budget and Treasury	5	714	-	120	120	120	120	90	-	-
Vote 3 - Corporate Services	10	-	-	500	500	500	500	150	-	-
Vote 4 - Community and Social Services	128	-	-	400	400	400	400	2 083	2 706	2 112
Vote 5 - Sport and Recreation	-	-	-	600	600	600	600	750	3 200	5 000
Vote 6 - Public Safety	3	-	-	-	-	-	-	898	-	10 000
Vote 7 - Housing	9 848	-	-	-	-	-	-	-	-	-
Vote 8 - Health	25	-	-	-	-	-	-	-	-	-
Vote 9 - Planning and Development	29 873	16 080	-	5 612	5 612	5 612	5 612	35 967	26 972	5 370
Vote 10 - Environmental Protection	0	-	-	440	440	440	440	410	-	-
Vote 11 - Road transport	11 513	29 224	-	52 887	66 162	66 162	66 162	38 347	46 489	47 993
Vote 12 - Waste Management	-	-	-	600	600	600	600	1 300	-	-
Vote 13 - Electricity	943	-	-	2 000	2 000	2 000	2 000	10 250	10 000	10 000
Total Capital Expenditure - Vote	52 351	46 018	-	63 288	76 562	76 562	76 562	90 497	89 367	80 475
Capital Expenditure - Standard										
<i>Governance and administration</i>	18	714	-	749	749	749	249	493	-	-
Executive and council	3	-	-	129	129	129	129	253	-	-
Budget and treasury office	5	714	-	120	120	120	120	90	-	-
Corporate services	10	-	-	500	500	500	-	150	-	-
<i>Community and public safety</i>	10 003	-	-	1 000	1 000	1 000	400	3 731	5 906	17 112
Community and social services	128	-	-	400	400	400	400	2 083	2 706	2 112
Sport and recreation	-	-	-	600	600	600	-	750	3 200	5 000
Public safety	3	-	-	-	-	-	-	898	-	10 000
<i>Economic and environmental services</i>	41 386	45 304	-	58 939	72 214	72 214	72 214	74 724	73 461	53 363
Planning and development	29 873	16 080	-	5 612	5 612	5 612	5 612	35 967	26 972	5 370
Road transport	11 513	29 224	-	52 887	66 162	66 162	66 162	38 347	46 489	47 993
Environmental protection	0	-	-	440	440	440	440	410	-	-
<i>Trading services</i>	943	-	-	2 600	2 600	2 600	2 600	11 550	10 000	10 000
Electricity	943	-	-	2 000	2 000	2 000	2 000	10 250	10 000	10 000
Waste management	-	-	-	600	600	600	600	1 300	-	-
<i>Other</i>										
Total Capital Expenditure - Standard	52 351	46 018	-	63 288	76 562	76 562	75 462	90 497	89 367	80 475
Funded by:										
National Government	24 139	33 613	-	29 347	37 711	37 711	37 711	53 334	39 528	41 363
Provincial Government	11 374	-	-	2 510	13 370	13 370	13 370	9 000	10 000	10 000
District Municipality										
Other transfers and grants										
Transfers recognised - capital	35 513	33 613	-	31 857	51 081	51 081	51 081	62 334	49 528	51 363
Public contributions & donations										
Borrowing										
Internally generated funds	16 838	12 404	-	31 431	25 512	25 512	25 512	28 163	39 839	29 112
Total Capital Funding	52 351	46 018	-	63 288	76 593	76 593	76 593	90 497	89 367	80 475

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.

Table 17 MBRR Table A6 - Budgeted Financial Position

KZN291 Mandeni - Table A6 Budgeted Financial Position

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand									
ASSETS									
Current assets									
Cash	803	2 948	13 671	10 000	10 000	10 000	5 000	5 000	5 000
Call investment deposits	34 972	60 242	59 803	56 524	56 524	56 524	48 711	30 000	45 000
Consumer debtors	3 923	12 117	29 293	29 000	29 000	29 000	37 000	31 000	34 000
Other debtors	2 771	1 499	84	4 000	4 000	4 000	3 000	3 000	3 000
Current portion of long-term receivables									
Inventory	315	371	499						
Total current assets	42 784	77 177	103 350	99 524	99 524	99 524	93 711	69 000	87 000
Non current assets									
Long-term receivables									
Investments									
Investment property	80	23 211	23 162	23 211	23 211	23 211	23 211	23 211	23 211
Investment in Associate									
Property, plant and equipment	207 829	220 329	231 763	295 265	295 265	295 265	292 391	385 163	437 696
Agricultural									
Biological									
Intangible		73	69	73	73	73	73	73	73
Other non-current assets									
Total non current assets	207 909	243 613	254 994	318 549	318 549	318 549	315 675	408 447	460 980
TOTAL ASSETS	250 694	320 790	358 344	418 073	418 073	418 073	409 386	477 447	547 980
LIABILITIES									
Current liabilities									
Bank overdraft									
Borrowing	100	-	-	-	-	-	-	-	-
Consumer deposits	1 180	1 234	1 341	1 220	1 220	1 220	1 220	1 220	1 220
Trade and other payables	7 746	13 896	16 833	10 500	10 500	10 500	22 500	8 000	9 000
Provisions	2 152	2 300	2 426	3 457	3 457	3 457	4 488	5 000	6 000
Total current liabilities	11 179	17 430	20 600	15 177	15 177	15 177	28 208	14 220	16 220
Non current liabilities									
Borrowing	34	-	-	-	-	-	-	-	-
Provisions	6 085	10 220	9 731	10 000	10 000	10 000	10 000	10 000	10 000
Total non current liabilities	6 119	10 220	9 731	10 000	10 000	10 000	10 000	10 000	10 000
TOTAL LIABILITIES	17 298	27 650	30 331	25 177	25 177	25 177	38 208	24 220	26 220
NET ASSETS	233 396	293 140	328 013	392 896	392 896	392 896	371 178	453 227	521 760
COMMUNITY WEALTH/EQUITY									
Accumulated Surplus/(Deficit)	246 164	291 183	329 569	416 293	413 364	410 435	408 386	476 447	546 980
Reserves	1 573	1 627	1 672	1 780	1 780	1 780	1 000	1 000	1 000
Minorities' interests									
TOTAL COMMUNITY WEALTH/EQUITY	247 737	292 810	331 241	418 073	415 144	412 215	409 386	477 447	547 980

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table 66 is supported by an extensive table of notes providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non current;
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 18 MBRR Table A7 - Budgeted Cash Flow Statement

KZN291 Mandeni - Table A7 Budgeted Cash Flows

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand									
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Ratepayers and other	29 308	49 513	38 008	39 044	39 044	39 044	40 747	42 947	45 266
Government - operating	67 409	63 974	68 846	88 000	88 000	88 000	96 742	121 444	125 582
Government - capital	25 665	43 758	25 185	68 000	68 000	68 000	62 334	49 528	51 363
Interest	2 002	2 229	2 809	2 000	2 000	2 000	2 000	2 108	2 222
Dividends									
Payments									
Suppliers and employees	(67 005)	(91 038)	(94 791)	(135 000)	(135 000)	(135 000)	(124 677)	(147 966)	(153 899)
Finance charges	(43)	(14)							
Transfers and Grants	(13 177)	-							
NET CASH FROM/(USED) OPERATING ACTIVITIES	44 158	68 422	40 057	62 044	62 044	62 044	77 145	68 061	70 534
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE		238	738						
Decrease (increase) in non-current debtors									
Decrease (increase) other non-current receivables									
Decrease (increase) in non-current investments		27 288							
Payments									
Capital assets	(40 076)	(68 452)	(30 511)	(68 889)	(68 889)	(68 889)	(90 780)	(89 374)	(80 482)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(40 076)	(40 926)	(29 773)	(68 889)	(68 889)	(68 889)	(90 780)	(89 374)	(80 482)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans		54							
Borrowing long term/refinancing									
Increase (decrease) in consumer deposits									
Payments									
Repayment of borrowing	(196)	(134)							
NET CASH FROM/(USED) FINANCING ACTIVITIES	(196)	(80)	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD	3 886	27 416	10 284	(6 845)	(6 845)	(6 845)	(13 635)	(21 313)	(9 948)
Cash/cash equivalents at the year begin:	31 887	35 773	63 189	73 369	73 369	73 369	66 524	52 889	31 577
Cash/cash equivalents at the year end:	35 773	63 189	73 473	66 524	66 524	66 524	52 889	31 577	21 629

Table 19 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

KZN291 Mandeni - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand									
Cash and investments available									
Cash/cash equivalents at the year end	35 773	63 189	73 473	66 524	66 524	66 524	52 889	31 577	21 629
Other current investments > 90 days	2	1	1	(0)	(0)	(0)	822	3 423	28 371
Non current assets - Investments	-	-	-	-	-	-	-	-	-
Cash and investments available:	35 775	63 190	73 474	66 524	66 524	66 524	53 711	35 000	50 000
Application of cash and investments									
Unspent conditional transfers	292	10 437	11 135	3 000	3 000	3 000	15 000	-	-
Unspent borrowing	-	-	-	-	-	-	-	-	-
Statutory requirements	6 085	10 220	9 731	10 000	10 000	10 000	10 000	10 000	10 000
Other working capital requirements	2 831	(8 465)	(12 862)	(20 549)	(20 549)	(20 549)	(26 858)	(21 205)	(22 781)
Other provisions	2 152	2 300	2 426	3 457	3 457	3 457	4 488	5 000	6 000
Long term investments committed	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	9 319	15 523	18 505	12 280	12 280	12 280	23 500	9 000	10 000
Total Application of cash and investments:	20 680	30 015	28 935	8 188	8 188	8 188	26 130	2 795	3 219
Surplus(shortfall)	15 095	33 175	44 539	58 336	58 336	58 336	27 581	32 205	46 781

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.

Notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.

Table 20 MBRR Table A9 - Asset Management

KZN291 Mandeni - Table A9 Asset Management

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand									
CAPITAL EXPENDITURE									
Total New Assets	45 061	41 416	30 388	38 998	51 358	50 458	59 850	71 562	63 000
Infrastructure - Road transport	18 879	29 224	27 390	31 835	44 195	44 195	32 957	34 556	35 993
Infrastructure - Electricity	-	-	208	-	-	-	9 000	10 000	10 000
Infrastructure - Water	-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation	-	-	-	-	-	-	-	-	-
Infrastructure - Other	-	-	-	-	-	-	-	-	-
Infrastructure	18 879	29 224	27 598	31 835	44 195	44 195	41 957	44 556	45 993
Community	20 838	11 478	299	3 622	3 622	3 622	400	5 000	7 000
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	5 344	714	2 491	3 541	3 541	2 641	17 493	22 006	10 007
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	-	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets	-	-	-	24 640	45 682	45 682	30 930	17 811	17 482
Infrastructure - Road transport	-	-	-	17 500	38 892	38 892	25 377	16 905	17 370
Infrastructure - Electricity	-	-	-	2 000	2 000	2 000	1 000	-	-
Infrastructure - Water	-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation	-	-	-	-	-	-	-	-	-
Infrastructure - Other	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	19 500	40 892	40 892	26 377	16 905	17 370
Community	-	-	-	400	50	50	2 150	900	105
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	4 740	4 740	4 740	2 403	6	7
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	-	-	-	-	-	-	-	-	-
Total Capital Expenditure	18 879	29 224	27 390	49 335	83 087	83 087	58 334	51 461	53 363
Infrastructure - Road transport	-	-	208	2 000	2 000	2 000	10 000	10 000	10 000
Infrastructure - Electricity	-	-	-	-	-	-	-	-	-
Infrastructure - Water	-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation	-	-	-	-	-	-	-	-	-
Infrastructure - Other	-	-	-	-	-	-	-	-	-
Infrastructure	18 879	29 224	27 598	51 335	85 087	85 087	68 334	61 461	63 363
Community	20 838	11 478	299	4 022	3 672	3 672	2 550	5 900	7 105
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	5 344	714	2 491	8 281	8 281	7 381	19 896	22 013	10 013
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	45 061	41 416	30 388	63 638	97 039	96 139	90 780	89 374	80 482
ASSET REGISTER SUMMARY - PPE (WDV)									
Infrastructure - Road transport	154 194	162 382	173 457	180 000	180 000	180 000	200 000	215 000	225 000
Infrastructure - Electricity	-	1 756	4 246	4 100	4 100	4 100	4 000	4 000	3 900
Infrastructure - Water	-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation	-	-	-	-	-	-	-	-	-
Infrastructure - Other	-	256	673	673	673	673	650	650	630
Infrastructure	154 194	164 394	178 376	184 773	184 773	184 773	204 650	219 650	229 530
Community	35 420	45 773	49 943	50 000	50 000	50 000	55 000	60 000	58 000
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	80	23 211	23 162	23 211	23 211	23 211	23 211	23 211	23 211
Other assets	8 425	7 863	8 096	9 500	9 500	9 500	11 500	12 000	12 100
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	-	73	69	73	73	73	73	73	73
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	198 119	241 313	259 646	267 557	267 557	267 557	294 434	314 934	322 914
EXPENDITURE OTHER ITEMS									
Depreciation & asset impairment	17 507	15 360	823	2 000	2 000	2 000	2 000	2 685	2 824
Repairs and Maintenance by Asset Class	10 210	15 815	13 891	21 300	21 300	21 300	24 615	25 944	27 383
Infrastructure - Road transport	7 342	12 258	7 493	11 434	11 434	11 434	13 969	14 723	15 557
Infrastructure - Electricity	477	865	821	1 000	1 000	1 000	1 000	1 054	1 111
Infrastructure - Water	-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation	-	-	-	-	-	-	-	-	-
Infrastructure - Other	-	-	-	-	-	-	-	-	-
Infrastructure	7 820	13 123	8 314	12 434	12 434	12 434	14 969	15 777	16 668
Community	736	826	2 559	3 280	3 280	3 280	3 780	3 984	4 200
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	1 654	1 867	3 017	5 586	5 586	5 586	5 866	6 182	6 516
TOTAL EXPENDITURE OTHER ITEMS	27 717	31 175	14 714	23 300	23 300	23 300	26 615	28 629	30 208
Renewal of Existing Assets as % of total capex	0.0%	0.0%	0.0%	38.7%	47.1%	47.5%	34.1%	19.9%	21.7%
Renewal of Existing Assets as % of deprecn"	0.0%	0.0%	0.0%	1232.0%	2284.1%	2284.1%	1546.5%	663.3%	619.0%
R&M as a % of PPE	4.9%	7.2%	6.0%	7.2%	7.2%	7.2%	8.4%	6.7%	6.3%
Renewal and R&M as a % of PPE	5.0%	7.0%	5.0%	17.0%	25.0%	25.0%	19.0%	14.0%	14.0%

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The Municipality meets both these recommendations.

Table 21 MBRR Table A10 - Basic Service Delivery Measurement

KZN291 Mandeni - Table A10 Basic service delivery measurement

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Household service targets									
Water:									
Piped water inside dwelling									
Piped water inside yard (but not in dwelling)									
Using public tap (at least min.service level)									
Other water supply (at least min.service level)									
<i>Minimum Service Level and Above sub-total</i>	-	-	-	-	-	-	-	-	-
Using public tap (< min.service level)									
Other water supply (< min.service level)									
No water supply									
<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
Total number of households	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:									
Flush toilet (connected to sewerage)									
Flush toilet (with septic tank)									
Chemical toilet									
Pit toilet (ventilated)									
Other toilet provisions (> min.service level)									
<i>Minimum Service Level and Above sub-total</i>	-	-	-	-	-	-	-	-	-
Bucket toilet									
Other toilet provisions (< min.service level)									
No toilet provisions									
<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
Total number of households	-	-	-	-	-	-	-	-	-
Energy:									
Electricity (at least min.service level)	1 006	1 009	1 009	1 014	1 014	1 014	1 016	1 018	
Electricity - prepaid (min.service level)									
<i>Minimum Service Level and Above sub-total</i>	1 006	1 009	1 009	1 014	1 014	1 014	1 016	1 018	-
Electricity (< min.service level)									
Electricity - prepaid (< min. service level)	2 560	2 560	2 560	2 569	2 569	2 569	3 674	3 769	
Other energy sources	12 500	12 500	12 500	12 500	12 500	12 500	12 500	12 490	
<i>Below Minimum Service Level sub-total</i>	15 060	15 060	15 060	15 069	15 069	15 069	16 174	16 259	-
Total number of households	16 066	16 069	16 069	16 083	16 083	16 083	17 190	17 277	-
Refuse:									
Removed at least once a week	7 204	7 207	7 207	7 221	7 221	7 221	7 228	7 315	
<i>Minimum Service Level and Above sub-total</i>	7 204	7 207	7 207	7 221	7 221	7 221	7 228	7 315	-
Removed less frequently than once a week									
Using communal refuse dump	2 900	2 900	2 900	2 900	2 900	2 900	4 000	4 000	
Using own refuse dump									
Other rubbish disposal									
No rubbish disposal	5 962	5 962	5 962	5 962	5 962	5 962	5 962	5 962	
<i>Below Minimum Service Level sub-total</i>	8 862	8 862	8 862	8 862	8 862	8 862	9 962	9 962	-
Total number of households	16 066	16 069	16 069	16 083	16 083	16 083	17 190	17 277	-
Households receiving Free Basic Service									
Water (6 kilolitres per household per month)									
Sanitation (free minimum level service)									
Electricity/other energy (50kwh per household per month)	1 265	1 265	1 265	1 275	1 275	1 275	1 275	1 275	
Refuse (removed at least once a week)	2 560	2 560	2 560	2 569	2 569	2 569	3 674	3 769	
Cost of Free Basic Services provided (R'000)									
Water (6 kilolitres per household per month)									
Sanitation (free sanitation service)									
Electricity/other energy (50kwh per household per month)	450	520	520	654	654	654	710	780	
Refuse (removed once a week)	160	210	210	320	320	320	360	380	
Total cost of FBS provided (minimum social package)	610	730	730	974	974	974	1 070	1 160	-
Highest level of free service provided									
Property rates (R value threshold)									
Water (kilolitres per household per month)									
Sanitation (kilolitres per household per month)									
Sanitation (Rand per household per month)									
Electricity (kwh per household per month)									
Refuse (average litres per week)									
Revenue cost of free services provided (R'000)									
Property rates (R15 000 threshold rebate)	2 900	3 000	3 000	3 400	3 400	3 400	3 500	3 550	
Property rates (other exemptions, reductions and rebates)									
Water									
Sanitation									
Electricity/other energy	450	520	520	654	654	654	710	780	
Refuse	160	210	210	320	320	320	360	380	
Municipal Housing - rental rebates									
Housing - top structure subsidies									
Other									
Total revenue cost of free services provided (total social package)	3 510	3 730	3 730	4 374	4 374	4 374	4 570	4 710	-

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The Municipality continues to make good progress with the eradication of backlogs:
 - a. Electricity services – backlog will be reduced by 1105 households. As indicated elsewhere, the emphasis in the electricity sector is on addressing urgent network upgrades. Once the most pressing network issues have been addressed, the electrification programme will be prioritised; with 1200 households budgeted to be electrified in 2015/16.
 - b. Refuse services – backlog will be reduced by 1107 households in 2014/15, and a further 87 households in the outer two years of the MTREF. However it should be noted that this function is being investigated with a view to realising greater efficiencies, which is likely to translate into a more rapid process to address backlogs.
3. The budget provides for 900 households to be registered as indigent in 2014/15, and therefore entitled to receiving Free Basic Services. The number is set to increase to 1200 households given the rapid rate of in-migration to the Municipality, especially by poor people seeking economic opportunities.
4. It is anticipated that these Free Basic Services will cost the municipality R 1 070, 000 in 2014/15, increasing to R1,540, 000 in 2015/16. This is covered by the municipality's equitable share allocation from national government.
5. In addition to the Free Basic Services, the Municipality also 'gives' households R3.4 million in free services in 2014/15, and it increases to R3.5 million in 2015/16. This 'tax expenditure' needs to be seen within the context of the municipality's overall revenue management strategy – the more the municipality gives away, the less there is available to fund other services. Currently, the 'free services' represent about 4 per cent of total operating revenue.

Part 2 – Supporting Documentation

10.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the Portfolio Committee for Finance.

The primary aims of the Budget Steering Committee are to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

10.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2013) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required IDP and budget time schedule on 25 August 2013. Key dates applicable to the process were:

- **August 2013** – Joint strategic planning session of the Mayoral Committee and Executive Management. Aim: to review past performance trends of the capital and operating budgets, the economic realities and to set the prioritisation criteria for the compilation of the 2014/15 MTREF;
- **November 2013** – Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines;
- **3 to 7 January 2014** - Review of the financial strategy and key economic and financial planning assumptions by the Budget Steering Committee. This included financial forecasting and scenario considerations;
- **January 2014** – Multi-year budget proposals are submitted to the Mayoral Committee for endorsement;
- **28 January 2014** - Council considers the 2013/14 Mid-year Review and Adjustments Budget;

- **February 2014** - Recommendations of the Mayoral Committee are communicated to the Budget Steering Committee, and on to the respective departments. The draft 2014/15 MTREF is revised accordingly;
- **27 March 2014** - Tabling in Council of the draft 2014/15 IDP and 2014/15 MTREF for public consultation;
- **April 2014** – Public consultation;
- **15th May 2014** - Closing date for written comments;
- **6 to 23 May 2014** – finalization of the 2014/15 IDP and 2014/15 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and
- **31 May 2014** - Tabling of the 2014/15 MTREF before Council for consideration and approval.

There has been no deviation from the key dates set out in the Budget Time Schedule tabled in Council.

10.1.2 IDP and Service Delivery and Budget Implementation Plan

This is the third generation of the municipal IDP as the last IDP was adopted by Council in May 2006. It started in September 2011 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2014/15 MTREF in August.

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the third generation included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2014/15 MTREF, based on the approved 2013/14 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2014/15 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2013/14 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

10.1.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2014/15 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2014/15 MTREF:

- Municipality growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- The approved 2013/14 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery
- Dashboard imperatives
- Disaster management mandate
- Traffic Department
- Vacant positions
- Indigent customers
- Job evaluation result

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 51, 54, 58,59 ,66 and 67 has been taken into consideration in the planning and prioritisation process.

10.1.4 Community Consultation

The draft 2014/15 MTREF as tabled before Council on 26 March 2014 for community consultation **will be** published on the municipality's website, and hard copies made available at customer care offices, municipal notice boards and various libraries. The opportunity to give electronic feedback **will** also communicated on the Municipality's website, and the Municipality's call centre **will be** engaged in collecting inputs via e-mail, fax and SMS.

All documents in the appropriate format (electronic and printed) **is** provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

Ward Committees **is** utilised to facilitate the community consultation process from 13 to 29 April 2013, and include 8 public briefing sessions. The applicable dates and venues **will be** published in all the local newspapers and on average attendance of 500 will be expected to attend per meeting. This **will be** up compared to the previous year's process. This can be attributed to the additional initiatives that **will be** launched during the consultation process, including the specific targeting of ratepayer associations. Individual sessions **will be** scheduled with organised business and imbizo's **will be** held to further ensure transparency and interaction. Other

stakeholders involved in the consultation included churches, non-governmental institutions and community-based organisations.

10.2 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPis);

- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Development Plan (NDP).

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2014/15 MTREF and further planning refinements that have directly informed the compilation of the budget:

Table 22 IDP Strategic Objectives

2014/15 Financial Year	2015/16 MTREF
1. The provision of quality basic services and infrastructure	1. Provision of quality basic services and infrastructure
2. Acceleration of higher and shared economic growth and development	2. Economic growth and development that leads to sustainable job creation
3. Fighting of poverty, building clean, healthy, safe and sustainable communities	3.1 Fight poverty and build clean, healthy, safe and sustainable communities
	3.2 Integrated Social Services for empowered and sustainable communities
4. Fostering participatory democracy and adherence to Batho pele principles through a caring, accessible and accountable service	4. Foster participatory democracy and Batho pele principles through a caring, accessible and accountable service
5. Good governance, Financial viability and institutional governance	5.1 Promote sound governance
	5.2 Ensure financial sustainability
	5.3 Optimal institutional transformation to ensure capacity to achieve set objectives

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. Provision of quality basic services and infrastructure which includes, amongst others:
 - Provide electricity;
 - Provide housing;
 - Provide roads and storm water;
 - Provide Municipality planning services; and
 - Maintaining the infrastructure of the Municipality.
2. Economic growth and development that leads to sustainable job creation by:
 - Ensuring there is a clear structural plan for the Municipality;
 - Ensuring planning processes function in accordance with set timeframes;

- Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.
- 3.1 Fight poverty and build clean, healthy, safe and sustainable communities:
- Effective implementation of the Indigent Policy;
 - Working with the provincial department of health to provide primary health care services;
 - Extending waste removal services and ensuring effective Municipality cleansing;
 - Working with strategic partners such as SAPS to address crime;
 - Ensuring safe working environments by effective enforcement of building and health regulations;
 - Promote viable, sustainable communities through proper zoning; and
 - Promote environmental sustainability by protecting wetlands and key open spaces.
- 3.2 Integrated Social Services for empowered and sustainable communities
- Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinated with the informal settlements upgrade programme
4. Foster participatory democracy and Batho pele principles through a caring, accessible and accountable service by:
- Optimising effective community participation in the ward committee system; and
 - Implementing batho pele in the revenue management strategy.
- 5.1 Promote sound governance through:
- Publishing the outcomes of all tender processes on the municipal website
- 5.2 Ensure financial sustainability through:
- Reviewing the use of contracted services
 - Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan
- 5.3 Optimal institutional transformation to ensure capacity to achieve set objectives
- Review of the organizational structure to optimize the use of personnel;

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the Municipality by identifying the key performance areas to achieve the five strategic objectives mentioned above.

In addition to the five-year IDP, the Municipality undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the Municipality so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the Municipality's IDP, associated sectoral plans and strategies, and the allocation of resources of the Municipality and other service delivery partners.

This development strategy introduces important policy shifts which have further been translated into seven strategic focus areas/objectives as outlined below:

- Developing dormant areas;
- Enforcing hard development lines – so as to direct private investment;
- Maintaining existing urban areas;
- Strengthening key economic clusters;
- Building social cohesion;
- Strong developmental initiatives in relation to the municipal institution as a whole; and
- Sound financial fundamentals.

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the third generation IDP, including:

- Strengthening the analysis and strategic planning processes of the Municipality;
- Initiating zoned planning processes that involve the communities in the analysis and planning processes. More emphasis was placed on area based interventions, within the overall holistic framework;
- Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and
- Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

The 2014/15 MTREF has therefore been directly informed by the IDP development process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table 23 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

KZN291 Mandeni - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective	Goal	Goal Code	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand											
Sustainable Services	Electricity		11 378	13 034	12 310	15 880	15 880	15 880	25 130	27 839	29 586
Sustainable Services	Waste Management		4 376	6 264	7 397	10 387	10 387	10 387	11 550	12 904	14 277
Sustainable Services	Health		1 124	1 179	389	40	40	40	190	42	44
Sustainable Services	Community		117	591	585	1 627	1 627	1 627	1 823	26	28
Infrastructure	Roads & Stormwater		23 017	35 067	–	31 857	51 050	51 050	32 957	34 556	35 993
Infrastructure	Cemeteries		–	–	–	–	–	–	–	–	–
Infrastructure	Housing		19 696	2 768	–	–	–	–	–	–	–
Infrastructure	Public Amenities		–	–	–	–	–	–	–	–	–
Good Governance	Support Services		42 765	32 374	22 550	150	150	150	150	158	167
Good Governance	Integrated Planning		–	167	–	150	1 820	1 820	20 527	5 130	5 537
Good Governance	Financial Management		90 230	94 449	112 234	93 647	93 647	93 647	109 920	135 875	139 387
Good Governance	Human Resources Management		98	179	163	–	–	–	–	–	–
Good Governance	Executive and Council		2 040	4 040	18	6 478	6 478	6 478	5 860	6 121	6 396
Environmental Management	Land Management		–	–	–	–	–	–	–	–	–
Economic Development	Local Economic Development		–	99	591	–	–	–	–	–	–
Social Development	Culture & Sport		12	9	5	12	12	12	12	13	13
Social Development	Public Participation										
Safety & Security	Security										
Safety & Security	Disaster Management		1 639	89	87	344	344	344	893	942	992
Safety & Security	Road Safety										
Allocations to other priorities			(35 513)	(33 613)	–	(31 857)	(51 050)	(51 050)	(62 334)	(49 528)	(51 363)
Total Revenue (excluding capital transfers and contributions)			160 980	156 697	156 330	128 716	130 386	130 386	146 679	174 077	181 058

Table 24 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

KZN291 Mandeni - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	Goal Code	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand											
Sustainable Services	Electricity		9 273	10 235	10 637	13 173	13 173	13 173	14 852	15 654	16 506
Sustainable Services	Waste Management		7 797	7 243	7 452	11 919	11 919	11 919	5 858	4 561	4 808
Sustainable Services	Health		1 680	2 050	476	–	–	–	–	–	–
Sustainable Services	Community		4 861	4 372	4 855	9 224	9 224	9 224	11 231	11 439	12 084
Infrastructure	Roads & Stormwater		3 246	7 950	5 546	9 341	8 091	8 091	10 098	10 576	9 846
Infrastructure	Cemeteries		230	178	194	225	225	225	263	277	293
Infrastructure	Housing		9 871	2 831	1	–	–	–	–	–	–
Infrastructure	Public Amenities		3 473	3 218	4 218	5 907	5 907	5 907	7 144	7 530	7 950
Good Governance	Support Services		5 659	6 153	32 583	10 571	10 571	10 571	12 281	12 944	13 669
Good Governance	Integrated Planning		10	23	1 562	5 406	7 076	7 076	8 103	8 264	9 037
Good Governance	Financial Management		39 083	32 967	13 726	18 860	18 860	18 860	19 650	42 105	42 928
Good Governance	Human Resources		7 173	6 803	8 044	11 824	11 824	11 824	12 854	13 549	14 308
Good Governance	Executive and Council		12 309	17 571	24 055	23 434	23 434	23 434	25 189	26 549	28 046
Environmental Management	Land Management		–	–	90	–	–	–	–	–	–
Economic Development	Local Economic Development		416	985	2 438	3 977	3 977	3 977	4 357	4 592	4 843
Social Development	Culture & Sport		384	392	461	584	584	584	763	805	850
Social Development	Public Participation										
Safety & Security	Security										
Safety & Security	Road Safety		6 274	6 436	3 569	10 537	10 537	10 537	14 035	13 619	14 181
Allocations to other priorities											
Total Expenditure			111 739	109 405	119 906	134 981	135 401	135 401	146 679	172 463	179 350

Table 25 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

KZN291 Mandeni - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

KZN27 Medium Term Revenue & Expenditure Framework: Strategic Objectives and Budget (Capital Expenditure)											
Strategic Objective	Goal	Goal Code	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand											
Sustainable Services	Electricity	A	943	–	–	2 000	2 000	2 000	10 250	10 000	10 000
Sustainable Services	Waste Management	B	–	–	–	600	600	600	1 300	–	–
Sustainable Services	Health	C	25	–	–	–	–	–	–	–	–
Sustainable Services	Community	D	52	–	–	400	400	400	2 083	706	112
Infrastructure	Roads & Stormwater	E	11 513	29 224	–	52 887	66 162	66 162	38 347	46 489	47 993
Infrastructure	Cemeteries	F	76	–	–	–	–	–	–	2 000	2 000
Infrastructure	Housing	G	9 848	–	–	–	–	–	–	–	–
Infrastructure	Public Amenities	H	0	–	–	440	440	440	410	–	–
Good Governance	Support Services	I	29 873	16 080	–	5 522	5 522	5 522	13 470	22 000	–
Good Governance	Integrated Planning	J	–	–	–	90	90	90	22 497	4 972	5 370
Good Governance	Financial Management	K	5	714	–	120	120	120	90	–	–
Good Governance	Human Resources	L	10	–	–	500	500	500	150	–	–
Good Governance	Executive and Council	M	3	–	–	129	129	129	253	–	–
Environmental Management	Land Management	N	–	–	–	–	–	–	–	–	–
Economic Development	Local Economic Development	O	–	–	–	–	–	–	–	–	–
Social Development	Culture & Sport	P	–	–	–	600	600	600	750	3 200	5 000
Social Development	Public Participation	R	–	–	–	–	–	–	–	–	–
Safety & Security	Security	S	–	–	–	–	–	–	–	–	–
Safety & Security	Road Safety	T	3	–	–	–	–	–	898	–	10 000
Allocations to other priorities											
Total Capital Expenditure			52 351	46 018	–	63 288	76 562	76 562	90 497	89 367	80 475

10.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

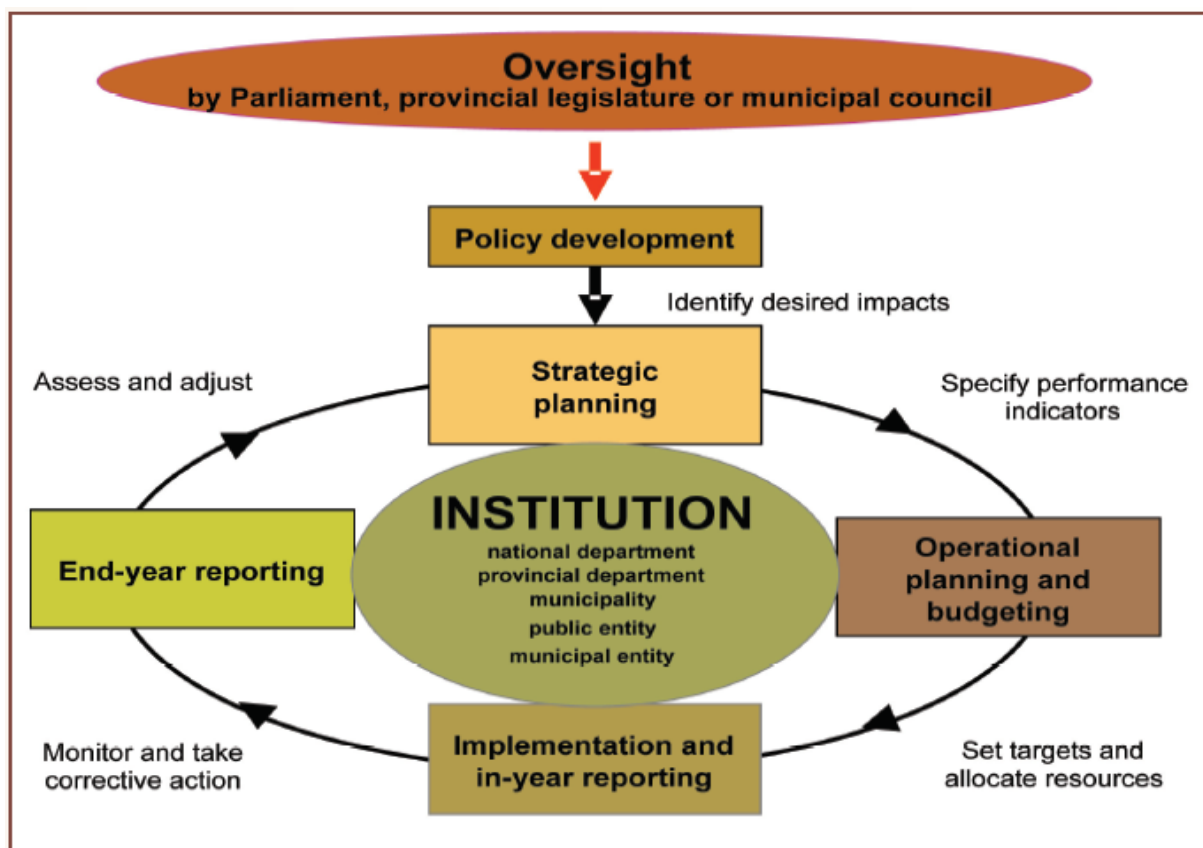


Figure 2 Planning, budgeting and reporting cycle

The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the **Framework of Managing Programme Performance Information** issued by the National Treasury:

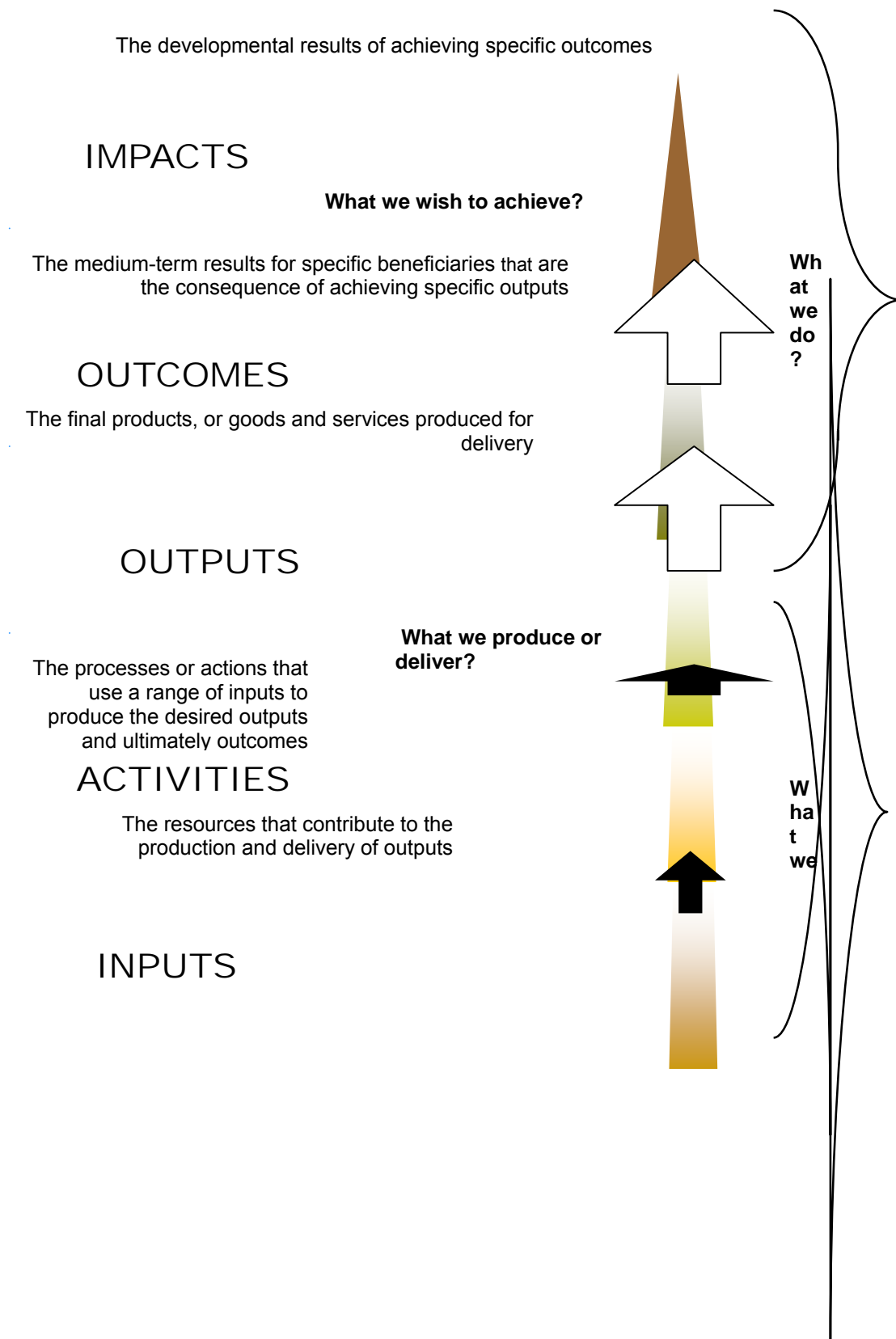


Figure 3 Definition of performance information concepts

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

Table 26 MBRR Table SA7 - Measurable performance objectives

KZN291 Mandeni - Supporting Table SA7 Measureable performance objectives

Description	Unit of measurement	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17

Executive and Council									
Function 1 - (name)									
Council									
Strategic planning session				350	350	350			
EXCO retreat and planning session				150	150	150			
Policy review session				250	250	250			
Office Equipment				30	30	30	130		
Municipal Manager									
2x laptop				20	20	20	20		
2 laptops (interns)				16	16	16			
1 laptop (CAE)				8	8	8			
printer				5	5	5			
1 Printer(specialised printer)				8	8	8			
PA system				20	20	20			
Loud hailer				10	10	10			
Camera				10	10	10			
office equipment				2	2	2	103		
Vote 2 - Budget and Terasury									
Function 1 - (name)									
Treasury									
4 x Laptop				60	60	60	30		
5 x Computers				40	40	40	40		
2 x L-shape Desks				20	20	20	20		
Vote 3 - Corporate Services									
Function 1 - (name)									
Sub-function 1 - (name)									
Furniture & Equipment							200		
Projector							30		
2X Laptop							20		
Server upgrade				100	100	100			
Biometric access control				300	300	300			
Furniture				100	100	100			
Vote 4 - Community and Social Services									
Function 1 - (name)									
Social									
HIV/AIDS Awareness Education Program				330	330	330	550	600	
Training and mentoring of WACs				150	150	150	200	250	
Indigent/ Pauper burial service				174	174	174	185	220	
Arts and culture				400	400	400	500	600	
Tertiary textbook for all libraries				25	25	25	40	50	
Youth Programmes (Career exhibition, Youth				400	400	400	500	800	
Special Programmes – (celebration of calendar				450	450	450	500	600	
Sports development and promotion				250	250	250	650	800	
SALGA games				450	450	450	800	1 000	
Flagship programme (Operation Sukuma							500	600	
Geographical naming (name change and				200	200	200	250	300	
Printers							6		7
Office Equipment							100		
8 armrest visitor chairs							10		
2 mega phones for awareness campaigns							2		
Flashing notice boards							30		
Staff lockers							15		
Furniture for Mandeni hall							100		
Mandeni hall display (pot of excellence)							20		
Wall mounted Sound system for Sibusisiwe hall							600		
Accoustic, Fans and painting of Sibusisiwe hall							1 000		

Description	Unit of measurement	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Sports and Recreation										
Swimming pool					300	300	300	3 000	2 500	
Pool vacuum					100	100	100			
Establish cricket ground								500	600	
Upgrade tennis court					100	100	100			
Combo Goal Posts Sport field					100	100	100	100	200	
Laptops					35	35	35			
Printers					15	15	15			
Acoustics installation - Sibusisive hall								1 000		
Planning Phase 2 Ncedomhlope								400		
Upgrading of Ndulinde and Isithebe sports								250	3 000	5 000
Library										
Mobile Libraries					100	100	100	100	100	105
Library counter										
Library Cupboards					250	250	250	100	600	
Vote 6 - Public Safety										
Function 1 - (name)										
Safety										
Disaster management / relief Aide					150	150	150			
Formulation of Disaster management plan					250	250	250			
Facilitate the establishment of disaster					2 410	2 410	2 410			
Education and Awareness campaign –					200	200	200			
Scholar patrol programme					50	50	50			
Formulation of Mandeni Safety Forum in					200	200	200			
Pounding of stray animals										
Resuscitate the functioning of Public Safety										
Facilitate the re-opening of the learners/drivers										
Erection of speed humps within the area of					100	100	100			
Uniform and safety cloth for traffic officers					80	80	80			
Training and development for public safety					100	100	100			
Planning Building new DLTC/MLB with Test								150		10 000
2 X Traffic Patrol Vehicles								500		
Road Block Trailer								90		
2 X Pro Laser iv Speed Measurement								98		
3 x Alcohol screening device drager 6820 +								60		
Vote 9 - Planning and Development										
Function 1 - (name)										
Planning										
Ngwenya Nature Reserve Revival					500	500	500			
Phase 2 Informal Traders Development					1 200	1 200	1 200			
Tourism Sector Plan Review					200	200	200			
LED Strategy Review					150	150	150			
SMME Support (Food for waste)										
Feasibility Study for Establishment of Fashion										
Development of Investment Strategy					200	200	200			
Feasibility Study on Renewable Energy										
Business Plan for Nurseries Establishment										
Business Plan for Cooperatives Formation in										
Revival of Small cane Growers										
Feasibility Study and Business Plan for										
Installation of Irrigation scheme										
Supply of Agricultural Farming Equipment for										
Feasibility Study and Business Plan for Fresh										
Feasibility Study and Business Plan for					200	200	200			
Mandeni Tourism Conference					30	30	30			
Tourism Marketing Plan and Route										
Establishment of Tourism Information Centre					200	200	200			
Tourism Signage					100	100	100			
Establishment of Museum					150	150	150			
SMME Development and Training					200	200	200			
Formation of Cooperatives in Waste					200	200	200			
Furniture					50	50	50	80		
Computers					40	40	40	40		
Purchasing and development of Land for								2 000		

Description	Unit of measurement	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Technical Services										
Section 78 assessment of waste services					500	500	500			
Review of TWMP					300	300	300			
Establish garden refuse drop off centres					500	500	500			
Computers for new recruits					30	30	30	10		
Office Furniture for new recruits					30	30	30	10		
Boardroom furniture										
Digital Camera										
Projector										
Fridge					2	2	2			
Reception furniture					10	10	10			
Municipal Building										
Returbishment of existing and provision of New					4 000	4 000	4 000	12 000		
Ablutions and changerooms incl. lockers					300	300	300			
Informal trader stalls					2 510	2 510	2 510			
Function 2 - (name)										
Fleet and workshop										
Light Delivery Vehicles (LDVs)					900	900	900	1 000		
Trailers					150	150	150	400		
workshop equipment					100	100	100	50		
Vote 10 - Environmental Protection										
Function 1 - (name)										
Parks										
Brushcutters					100	100	100	120		
ride mower								240		
4 tonne crew cab and load bin trucks										
ride mower					220	220	220			
Push mowers					50	50	50	50		
Plant nursery					100	100	100			
Plants and trees										
Storage container					50	50	50			
Small tools					40	40	40			
Vote 11 - Road transport										
Function 1 - (name)										
Roads										
Roads Masterplan and Pavement					750	750	750			
Preparation of a Storm-water masterplan					750	750	750			
Establishment of borrow pits					500	500	500			
Infrastructure Summit					300	300	300			
Counter funding on MTG Projects					3 000	3 000	3 000	5 000		
Rehabilitation of rural roads					2 500	2 500	2 500		11 933	
4 ton crew cab trucks with load bins										
Pad foot compactors					60	60	60	90		
Mobile toilets- trailer mounted					150	150	150			
Tar sprayer					50	50	50			
Small Tools					50	50	50	50		
Roll overs on Grants					15 000	15 000	15 000		22 000	
CBD Upgrade and improvement					5 000	5 000	5 000	5 000	5 000	
Masomone minibuss taxi route										
Sundumbill roads Phase 6					1 662	1 662	1 662			
Inyoni taxi route Phase 1					233	233	233			
Inyoni taxi route Phase 2					2 541	2 541	2 541			
Bomag Compactor (walk behind)								250		
Sundumbill Roads Upgrade Phase 7					15 179	15 179	15 179			
Sport facilities (p-component)					3 022	3 022	3 022			
Inyoni Taxi route phase 3					1 617	1 617	1 617			
Upgrading of Newark Drive					1 625	1 625	1 625			
Amanda Farm Housing Taxi routes										
Rural Roads Upgrade										
Hardened Sidewalks					2 000	2 000	2 000			
PMU (5% Top slice)					1 467	1 467	1 467	1 649	1 728	1 800
Projects registered								31 309	32 828	34 193

Description	Unit of measurement	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Vote 12 - Waste Management										
Function 1 - (name)										
Solid waste										
Skips (Communal Bins)					500	500	500	1 200		
Wood chipper										
Wheeler bins & street bins					200	200	200	100		
Vote 13 - Electricity										
Function 1 - (name)										
Sub-function 1 - (name)										
Refurbish 11kv overhead power lines					1 000	1 000	1 000			
Pre-paid electricity Metering					750	750	750	500		
Increase the NMD on Mandini Licensed										
Fencing of sub-stations										
Streetlighting (new)					250	250	250	500		
Fault finding machine								250		

The following table sets out the municipalities main performance objectives and benchmarks for the 2014/15 MTREF.

Table 27 MBRR Table SA8 - Performance indicators and benchmarks

KZN291 Mandeni - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<u>Borrowing Management</u>										
Credit Rating										
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.2%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	0.5%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Safety of Capital</u>										
Gearing	Long Term Borrowing/ Funds & Reserves	2.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Liquidity</u>										
Current Ratio	Current assets/current liabilities	3.8	4.4	5.0	6.6	6.6	6.6	3.3	4.9	5.4
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	3.8	4.4	2.5	3.6	3.6	3.6	1.3	0.8	1.7
Liquidity Ratio	Monetary Assets/Current Liabilities	3.2	3.6	3.6	4.4	4.4	4.4	1.9	2.5	3.1
<u>Revenue Management</u>										
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		69.0%	87.6%	63.2%	85.0%	85.0%	85.0%	85.9%	85.9%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		69.0%	87.6%	63.2%	85.0%	85.0%	85.0%	85.9%	85.9%	85.9%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	4.2%	8.7%	18.8%	25.6%	25.3%	25.3%	27.3%	19.5%	20.4%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old	2.8%	3.8%	8.0%	14.0%	14.0%	14.0%	30.0%	30.0%	30.0%
<u>Creditors Management</u>										
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))	92.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Creditors to Cash and Investments		20.8%	5.5%	7.8%	11.3%	11.3%	11.3%	14.2%	25.3%	41.6%
<u>Other Indicators</u>										
Electricity Distribution Losses (2)	Total Volume Losses (kW)	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03
	Total Cost of Losses (Rand '000)									
	% Volume (units purchased and generated less units sold)/units purchased and generated									
Water Distribution Losses (2)	Total Volume Losses (kℓ)									
	Total Cost of Losses (Rand '000)									
	% Volume (units purchased and generated less units sold)/units purchased and generated									
Employee costs	Employee costs/(Total Revenue - capital revenue)	17.5%	21.2%	20.3%	33.5%	33.1%	33.1%	36.8%	32.7%	33.2%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	18.8%	21.2%	24.9%	40.5%	40.0%	40.0%	43.4%	38.5%	39.2%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	6.3%	10.1%	8.9%	16.5%	16.3%	16.3%	16.8%	14.9%	15.1%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	10.9%	9.8%	0.5%	1.6%	1.5%	1.5%	1.4%	1.5%	1.6%
<u>IDP regulation financial viability indicators</u>										
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	18.8	20.9	31.5	24.0	24.0	24.0	23.7	23.7	25.0
ii.O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	19.5%	36.4%	52.8%	74.1%	74.1%	74.1%	86.5%	69.7%	72.0%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	5.9	10.3	10.8	7.9	7.9	7.9	5.7	3.1	2.0

10.3.1 Performance indicators and benchmarks

10.3.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Mandeni Municipality's borrowing strategy is primarily informed by the affordability of debt repayments.

The Municipality has raised mainly amortising loans over the past fifteen years, hence effectively 'front-loading' its debt service costs

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of the Municipality to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs.

10.3.1.2 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2013/14 MTREF the current ratio is 3.3 in the 2014/15 financial year and 4.9 for the two outer years of the MTREF. Going forward it will be necessary to maintain these levels.
- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2013/14 financial year the ratio was 2.5 and as part of the financial planning strategy it has been maintained at 1.3 in the 2014/15 financial year. This needs to be considered a pertinent risk for the municipality as any under collection of revenue will translate into serious financial challenges for the Municipality. As part of the longer term financial planning objectives this ratio will have to be set at a minimum of 1.

10.3.1.3 Revenue Management

- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection.

10.3.1.4 Creditors Management

- The Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of no concern, by applying daily cash flow management the municipality has managed to ensure a 100 per cent compliance rate to this legislative obligation. This has had a favorable impact on suppliers' perceptions of risk of doing business with the Municipality, which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for the Municipality's business.

10.3.1.5 Other Indicators

- Employee costs as a percentage of operating revenue continues to increase over the MTREF. This is primarily owing to the review of organ gram and low tariff increase which has direct relationship with low billing level.
- Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is also increasing owing directly to cost drivers such as assets maintenance plans far above inflation. In real terms, repairs and maintenance has increased as part of the Municipality's strategy to ensure the management of its asset base.

10.3.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality. With the exception of water, only registered indigents qualify for the free basic services.

For the 2014/15 financial year 1000 registered indigents have been provided for in the budget with this figured increasing to 1500 by 2015/16. In terms of the Municipality's indigent policy registered households are entitled to, 50 kwh of electricity and free waste removal equivalent to 85t once a week, as well as a discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement) on page 33.

Note that the number of households in informal areas that receive free services and the cost of these services are not taken into account in the table noted above.

10.4 Overview of budget related-policies

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

10.4.1 Review of credit control and debt collection procedures/policies

The Collection Policy as approved by Council in October 2013 is currently under review. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate. Some of the possible revisions will include the lowering of the credit periods for the down payment of debt. In addition emphasis will be placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

As most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed, the Integrated Indigent Exit Programme aims to link the registered indigent households to development, skills and job opportunities. The programme also seeks to ensure that all departments as well as external role players are actively involved in the reduction of the number of registered indigent households.

The 2014/15 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 85 per cent on current billings. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the Municipality's cash levels. In addition, the potential of a payment incentive scheme is being investigated and if found to be viable will be incorporated into the policy.

10.4.2 Asset Management, Infrastructure Investment and Funding Policy

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the Municipality's revenue base. Within the framework, the need for asset renewal was considered a priority and hence the capital programme was determined based on renewal of current assets versus new asset construction.

Further, continued improvements in technology generally allows many assets to be renewed at a lesser 'real' cost than the original construction cost. Therefore, it is considered prudent to allow for a slightly lesser continual level of annual renewal than the average annual depreciation. The Asset Management, Infrastructure and Funding Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

10.4.3 Supply Chain Management Policy

The Supply Chain Management Policy was adopted by Council in September 2013. A reviewed policy will be considered by Council in due course of which the amendments will be extensively consulted on.

10.4.4 Budget and Virement Policy

The Budget and Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the Municipality's system of delegations. The Budget and Virement Policy was approved by Council in 2013

10.4.5 Cash Management and Investment Policy

The Municipality's Cash Management and Investment Policy was amended by Council in January 2013. The aim of the policy is to ensure that the Municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduce time frames to achieve certain benchmarks.

10.4.6 Tariff Policies

The Municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policies have been approved on various dates and a consolidated tariff policy is envisaged to be compiled for ease of administration and implementation of the next two years.

All the above policies are available on the Municipality's website, as well as the following budget related policies:

- Property Rates Policy;
- Funding and Reserves Policy;
- Borrowing Policy;
- Budget Policy; and
- Basic Social Services Package (Indigent Policy).

10.5 Overview of budget assumptions

10.5.1 External factors

Although South Africa's economy has expanded over the past years, the rate of growth has steadily declined, from 2.5 per cent of GDP in 2012 to 1.8 per cent in 2013; it is however projected to increase to 2.7 per cent in 2014, and gradually increase to 3.5 per cent by 2016. This trend reflects a confluence of unfavourable global and domestic circumstances which impact on all spheres of government. Aware of these risks, government is maintaining its expenditure ceiling and no additional funds have been added to the total expenditure announced in last year's Budget. Inflation and a nominal spending ceiling will put real budgets under pressure over the medium term, requiring all spheres of government to work more efficiently.

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the Municipality's finances.

10.5.2 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2014/15 MTREF:

- National Government macro economic targets;
- The general inflationary outlook and the impact on Municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk city and water; and
- The increase in the cost of remuneration. Employee related costs comprise 43 per cent of total operating expenditure in the 2014/15 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget. The wage agreement SALGBC was concluded with the municipal workers unions before 31 July 2012 as well as the categorisation and job evaluation wage curves collective agreement signed on 21 April 2010 is noted.

10.5.3 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (61 per cent) of annual billings. Cash flow is assumed to be 85 per cent of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

10.5.4 Growth or decline in tax base of the municipality

Debtors revenue is assumed to increase at a rate that is influenced by the consumer debtors collection rate, tariff/rate pricing, real growth rate of the Municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the

household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

10.5.5 Salary increases

The collective agreement regarding salaries/wages came into operation on 1 July 2012 and shall remain in force until 30 June 2015. The National treasury guide for 2014 and beyond is 6.2 per cent across the board. However SALGA has subsequently hinted the 7 per cent increase.

10.5.6 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

10.5.7 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 85 per cent is achieved on operating expenditure and 98 per cent on the capital programme for the 2014/15 MTREF of which performance has been factored into the cash flow budget.

10.6 Overview of budget funding

10.6.1 Medium-term outlook: operating revenue

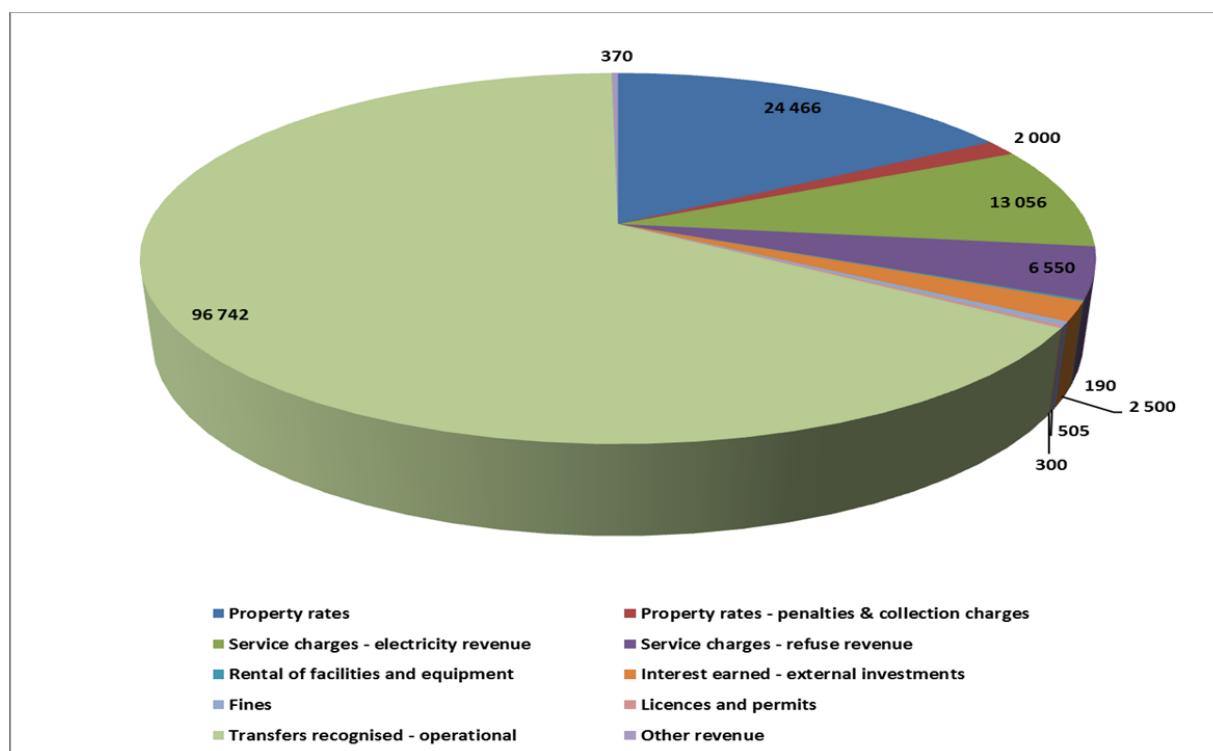
The following table is a breakdown of the operating revenue over the medium-term:

Table 28 Breakdown of the operating revenue over the medium-term

KZN291 Mandeni - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description R thousand	Current Year 2013/14	2014/15 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget	Budget Year 2014/15	% change	Budget Year +1 2015/16	% Change	Budget Year +2 2016/17	% Change
Revenue By Source							
Property rates	25 314	24 466	16.68	25 788	14.81	27 180	15.01
Property rates - penalties & collection charges	450	2 000	1.36	2 108	1.21	2 222	1.23
Service charges - electricity revenue	12 556	13 056	8.90	13 761	7.91	14 504	8.01
Service charges - refuse revenue	6 050	6 550	4.47	6 904	3.97	7 277	4.02
Rental of facilities and equipment	190	190	0.13	200	0.12	211	0.12
Interest earned - external investments	2 000	2 500	1.70	2 635	1.51	2 777	1.53
Fines	55	505	0.34	532	0.31	561	0.31
Licences and permits	250	300	0.20	316	0.18	333	0.18
Transfers recognised - operational	82 451	96 742	65.95	121 444	69.76	125 582	69.36
Other revenue	1 071	370	0.25	389	0.22	410	0.23
Total Revenue (excluding capital transfers and contributions)	130 386	146 679	100.00	174 077	100.00	181 058	100.00

The following graph is a breakdown of the operational revenue per main category for the 2014/15 financial year.

**Figure 4 Breakdown of operating revenue over the 2014/15 MTREF**

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as electricity, Property rates,

operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc).

The revenue strategy is a function of key components such as:

- Growth in the Municipality and economic development;
- Revenue management and enhancement;
- Achievement of a 85 per cent annual collection rate for consumer revenue;
- National Treasury guidelines;
- Electricity tariff increases within the National Energy Regulator of South Africa (NERSA) approval;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- The ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The proposed tariff increases for the 2014/15 MTREF on the different revenue categories are:

Table 29 Proposed tariff increases over the medium-term

Revenue category	2013/14 proposed tariff increase	2014/15 proposed tariff increase	2015/16 proposed tariff increase	2013/14 Additional revenue for each 1% tariff increase	2014/15 Additional revenue for each 1% tariff increase	2013/14 Total Budget revenue
	%	%	%	R'000	R'000	R'000
Property rates	-18	0	6	0.253	0.253	25.314
Solid Waste	6	5.1	4.9	0.061	0.061	6.050
Electricity	7	7	7	0.126	0.126	12.556
Total				0.439	0.439	43.920

Revenue to be generated from property rates is R24.5 million in the 2014/15 financial year and increases to R25.7 million by 2015/16 which represents 16.8 per cent of the operating revenue base of the Municipality. It remains relatively constant over the medium-term. With the implementation of the Municipal Property Rates Act the basis of rating significantly changed.

The Municipality is still in a process of further data verification and validation relating to the valuation roll. In addition we expect some objections, although significant progress was made in clearing all objections by the 2013/14 financial year

Services charges relating to electricity and refuse removal constitutes the third largest component of the revenue basket of the Municipality totaling R19.6 million for the 2014/15 financial year and increasing to R20.6 million by 2015/16. For the 2014/15 financial year services charges amount to 13 per cent of the total revenue base and grows by 1 per cent per annum over the medium-term. This growth can mainly be attributed to the increase in the bulk prices of electricity.

Operational grants and subsidies amount to R96.7 million, R121.4 million and R125.5 million for each of the respective financial years of the MTREF, or 66, 70 and 69 per cent of operating

revenue. It needs to be noted that in real terms the grants receipts from national government are growing rapidly over the MTREF by 17 per cent and 24 per cent for the two outer years.

Investment revenue contributes marginally to the revenue base of the Municipality with a budget allocation of R2.5 million, R2.63 million and R2.77 million for the respective three financial years of the 2014/15 MTREF. It needs to be noted that these allocations have been conservatively estimated and as part of the cash backing of reserves and provisions. The actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget.

The tables below provide detail investment information and investment particulars by maturity.

Table 30 MBRR SA15 – Detail Investment Information

KZN291 Mandeni - Supporting Table SA15 Investment particulars by type

Investment type	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand									
Parent municipality									
Securities - National Government									
Listed Corporate Bonds									
Deposits - Bank	32 000	54 000	68 000	54 362	54 362	54 362	22 362	38 362	54 362
Deposits - Public Investment Commissioners									
Deposits - Corporation for Public Deposits									
Bankers Acceptance Certificates									
Negotiable Certificates of Deposit - Banks									
Guaranteed Endowment Policies (sinking)									
Repurchase Agreements - Banks									
Municipal Bonds									
Municipality sub-total	32 000	54 000	68 000	54 362	54 362	54 362	22 362	38 362	54 362
Entities									
Securities - National Government									
Listed Corporate Bonds									
Deposits - Bank									
Deposits - Public Investment Commissioners									
Deposits - Corporation for Public Deposits									
Bankers Acceptance Certificates									
Negotiable Certificates of Deposit - Banks									
Guaranteed Endowment Policies (sinking)									
Repurchase Agreements - Banks									
Entities sub-total	-	-	-	-	-	-	-	-	-
Consolidated total:	32 000	54 000	68 000	54 362	54 362	54 362	22 362	38 362	54 362

Table 31 MBRR SA16 – Investment particulars by maturity

KZN291 Mandeni - Supporting Table SA16 Investment particulars by maturity

KZ1297 Mandate - Supporting Table SA10 Investment particulars by maturity										
Investments by Maturity Name of institution & investment ID	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate 3.	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Monetary value	Interest to be realised
	Yrs/Months								Rand thousand	
Parent municipality										
FNB	12	32 days notice	No	Variable	0.03 - .06			32 days	33,900	2,000
Nedbank	12	32 days notice	No	Variable	0.03 - .06			32 days	6,100	300
Entities sub-total									-	-
TOTAL INVESTMENTS AND INTEREST									40,000	2,300

For the medium-term, the funding strategy has been informed directly by ensuring financial sustainability and continuity. The MTREF therefore provides for a budgeted surplus of R16 million, R17.7 million and R20.5 million in each of the financial years. This surplus is

intended to partly fund capital expenditure from own sources as well as ensure adequate cash backing of reserves and funds.

10.6.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2014/15 medium-term capital programme:

Table 32 Sources of capital revenue over the MTREF

KZN291 Mandeni - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding									
Vote Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Funded by:									
National Government	24 139	33 613	-	29 347	37 711	37 711	62 334	49 528	51 363
Provincial Government	11 374	-	-	2 510	13 370	13 370	-	-	-
Internally generated funds	16 838	12 404	-	31 431	25 512	25 512	28 163	39 839	29 112
Total Capital Funding	52 351	46 018	-	63 288	76 593	76 593	90 497	89 367	80 475

The above table is graphically represented as follows for the 2014/15 financial year.

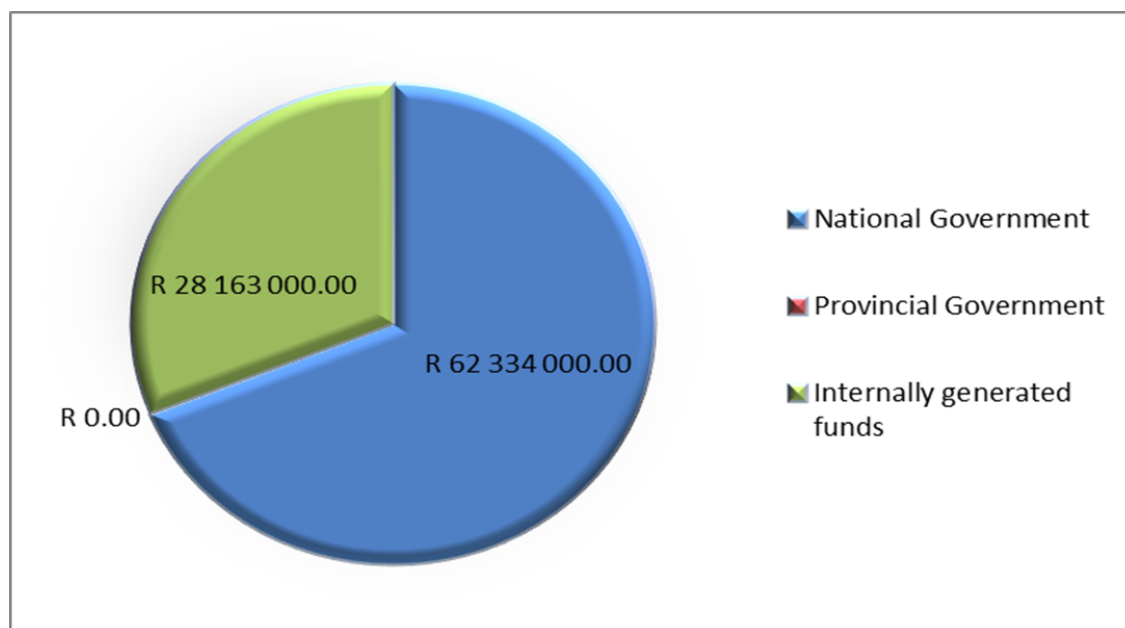


Figure 5 Sources of capital revenue for the 2014/15 financial year

Capital grants and receipts equates to 38 per cent of the total funding source which represents R90.4 million for the 2014/15 financial year and steadily increase to R89 million or 34 per cent by 2015/16. Growth relating to grant receipts is 18.4, -1 and -10 per cent over the medium-term.

Table 33 MBRR Table SA 18 - Capital transfers and grant receipts

KZN291 Mandeni - Supporting Table SA18 Transfers and grant receipts

Description R thousand	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Capital Transfers and Grants									
National Government:	11 509	33 613	-	29 347	37 711	37 711	62 334	49 528	51 363
Municipal Infrastructure Grant (MIG)	11 509	17 534	-	29 347	29 347	29 347	32 957	34 556	35 983
Neighbourhood Development Partnership INEP	-	16 080	-	-	8 364	8 364	20 377	4 972	5 370
INEP							9 000	10 000	10 000
Provincial Government:	11 374	-	-	2 510	13 339	13 339	-	-	-
Small towns rehabilitation	11 374	-	-	2 510	13 339	13 339			
Total Capital Transfers and Grants	22 883	33 613	-	31 857	51 050	51 050	62 334	49 528	51 363

10.6.3 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

Table 34 MBRR Table A7 - Budget cash flow statement

KZN291 Mandeni - Table A7 Budgeted Cash Flows

Description R thousand	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Ratepayers and other	29 308	49 513	38 008	39 044	39 044	39 044	40 747	42 947	45 266
Government - operating	67 409	63 974	68 846	88 000	88 000	88 000	96 742	121 444	125 582
Government - capital	25 665	43 758	25 185	68 000	68 000	68 000	62 334	49 528	51 363
Interest	2 002	2 229	2 809	2 000	2 000	2 000	2 000	2 108	2 222
Dividends									
Payments									
Suppliers and employees	(67 005)	(91 038)	(94 791)	(135 000)	(135 000)	(135 000)	(124 677)	(147 966)	(153 899)
Finance charges	(43)	(14)							
Transfers and Grants	(13 177)	-							
NET CASH FROM/(USED) OPERATING ACTIVITIES	44 158	68 422	40 057	62 044	62 044	62 044	77 145	68 061	70 534
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE		238	738						
Decrease (Increase) in non-current debtors									
Decrease (increase) other non-current receivables									
Decrease (increase) in non-current investments		27 288							
Payments									
Capital assets	(40 076)	(68 452)	(30 511)	(68 889)	(68 889)	(68 889)	(90 780)	(89 374)	(80 482)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(40 076)	(40 926)	(29 773)	(68 889)	(68 889)	(68 889)	(90 780)	(89 374)	(80 482)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans		54							
Borrowing long term/refinancing									
Increase (decrease) in consumer deposits									
Payments									
Repayment of borrowing	(196)	(134)							
NET CASH FROM/(USED) FINANCING ACTIVITIES	(196)	(80)	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD	3 886	27 416	10 284	(6 845)	(6 845)	(6 845)	(13 635)	(21 313)	(9 948)
Cash/cash equivalents at the year begin:	31 887	35 773	63 189	73 369	73 369	73 369	66 524	52 889	31 577
Cash/cash equivalents at the year end:	35 773	63 189	73 473	66 524	66 524	66 524	52 889	31 577	21 629

The above table shows that cash and cash equivalents of the Municipality were slowly increased between the 2010/11 and 2013/14 financial year moving from a positive cash balance of R31.8million to a surplus of R73.3 million with the approved 2013/14 MTREF. With the 2013/14 adjustments budget various cost efficiencies and savings had to be realised to ensure the Municipality could meet its operational expenditure commitments. In addition the Municipality undertook an extensive debt collection process to boost cash levels. These initiatives and interventions have translated into a positive cash position for the Municipality and it is projected that cash and cash equivalents on hand will increase to R52 million by the financial year end. For the 2014/15 MTREF the budget has been prepared to ensure high levels of cash and cash equivalents over the medium-term with cash levels anticipated to reduce to R31 million by 2015/16 and steadily decreasing to R21.6 million by 2016/17.

10.6.4 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

Table 35 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

KZN291 Mandeni - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand									
Cash and investments available									
Cash/cash equivalents at the year end	35 773	63 189	73 473	66 524	66 524	66 524	52 889	31 577	21 629
Other current investments > 90 days	2	1	1	(0)	(0)	(0)	822	3 423	28 371
Non current assets - Investments	-	-	-	-	-	-	-	-	-
Cash and investments available:	35 775	63 190	73 474	66 524	66 524	66 524	53 711	35 000	50 000
Application of cash and investments									
Unspent conditional transfers	292	10 437	11 135	3 000	3 000	3 000	15 000	-	-
Unspent borrowing	-	-	-	-	-	-	-	-	-
Statutory requirements	6 085	10 220	9 731	10 000	10 000	10 000	10 000	10 000	10 000
Other working capital requirements	2 831	(8 465)	(12 862)	(20 549)	(20 549)	(20 549)	(26 858)	(21 205)	(22 781)
Other provisions	2 152	2 300	2 426	3 457	3 457	3 457	4 488	5 000	6 000
Long term investments committed	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	9 319	15 523	18 505	12 280	12 280	12 280	23 500	9 000	10 000
Total Application of cash and investments:	20 680	30 015	28 935	8 188	8 188	8 188	26 130	2 795	3 219
Surplus(shortfall)	15 095	33 175	44 539	58 336	58 336	58 336	27 581	32 205	46 781

From the above table it can be seen that the cash and investments available total R52.8 million in the 2014/15 financial year and comes to R31 million by 2015/16, including the projected cash and cash equivalents as determined in the cash flow forecast. The following is a breakdown of the application of this funding:

- Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year. In the past these have been allowed to 'roll-over' and be spent in the ordinary course of business, but this practice has been discontinued. During the 2013/14 financial year the municipality was required to supply National Treasury with a

- detailed analysis of the unspent grants as well as an action plan of spending the grants. For the 2014/15 financial year a provision has been made for this liability as the total unspent conditional grant liability of R15 million has been factored into the 2014/15 capital programme of the Municipality. The Municipality has received the necessary roll-over approval from the National Treasury as the funding appropriation relating to the unspent conditional grants could be motivated as part of existing projects.
- There is no unspent borrowing from the previous financial years. In terms of the municipality's Borrowing and Investments Policy, borrowings are only drawn down once the expenditure has been incurred against the particular project. Unspent borrowing is ring-fenced and reconciled on a monthly basis to ensure no unnecessary liabilities are incurred.
 - Provisions for statutory requirements include VAT owing to timing differences resulting from year- end obligations. The liability in this regard totaled (R14.4 million) for the 2014/15 financial year.
 - The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors. High levels of debtor non-payment and receipt delays will have a greater requirement for working capital, as was experienced by the Municipality in 2013/14 resulting in cash flow challenges. For the purpose of the cash backed reserves and accumulated surplus reconciliation a provision equivalent to one month's operational expenditure has been provided for. It needs to be noted that although this can be considered prudent, the desired cash levels should be 60 days to ensure continued liquidity of the municipality. Any underperformance in relation to collections could place upward pressure on the ability of the Municipality to meet its creditor obligations.
 - Against other provisions an amount R10 million has been provided for the 2014/15 financial year and this increases to R4 million by 2015/16. This liability is informed by, amongst others, the supplementary pension liability.
 - Most reserve fund cash-backing is discretionary in nature, but the reserve funds are not available to support a budget unless they are cash-backed. The reserve funds are not fully cash-backed. The level of cash-backing is directly informed by the municipality's cash backing policy. These include the rehabilitation of landfill sites and quarries.

It can be concluded that the Municipality has a surplus against the cash backed and accumulated surpluses reconciliation. It needs to be noted that for all practical purposes the 2013/14 MTREF was funded when considering the funding requirements of section 18 and 19 of the MFMA. The 2014/15 MTREF has been informed by ensuring the financial plan meets the minimum requirements of the MFMA. From a pure cash flow perspective (cash out flow versus cash inflow) the budget is funded and is therefore credible. The challenge for the Municipality will be to ensure that the underlying planning and cash flow assumptions are meticulously managed, especially the performance against the collection rate.

The following graph supplies an analysis of the trends relating cash and cash equivalents and the cash backed reserves/accumulated funds reconciliation over a seven year perspective.

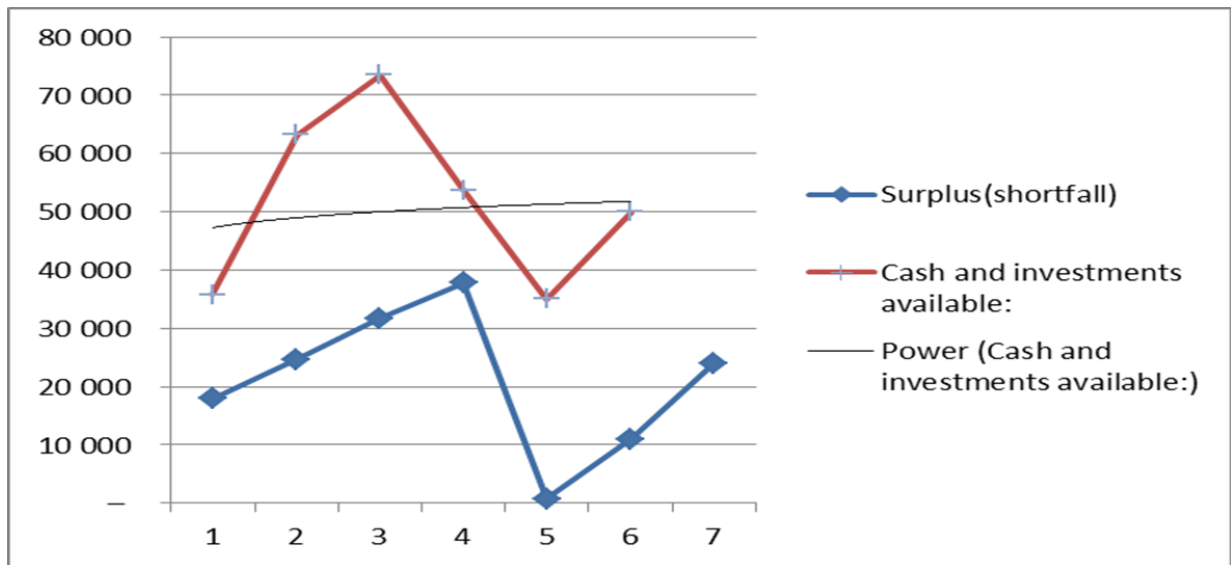


Figure 6 Cash and cash equivalents / Cash backed reserves and accumulated funds

10.6.5 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Table 36 MBRR SA10 – Funding compliance measurement

KZN291 Mandeni Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	35 773	63 189	73 473	66 524	66 524	66 524	66 524	52 889	31 577	21 629
Cash + investments at the year end less applications - R'000	18(1)b	2	15 095	33 175	44 539	58 336	58 336	58 336	58 336	27 581	32 205	46 781
Cash year end/monthly employee/supplier payments	18(1)b	3	5.9	10.3	10.8	7.9	7.9	7.9	7.9	5.7	3.1	2.0
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	49 392	46 962	38 193	(6 265)	(5 015)	(5 015)	(5 015)	(0)	0	(0)
Service charge rev % change - macro CPIX target exclusive	18(1)a(2)	5	N.A.	2.8%	42.8%	(25.8%)	(6.0%)	(6.0%)	(6.0%)	(2.2%)	(0.6%)	(0.6%)
Cash receipts % of Ratepayer & Other revenue	18(1)a(2)	6	69.0%	87.6%	63.2%	85.0%	85.0%	85.0%	85.0%	85.9%	85.9%	85.9%
Debt impairment expense as a % of total billable revenue	18(1)a(2)	7	28.2%	8.2%	0.0%	6.4%	6.4%	6.4%	6.4%	6.5%	6.5%	6.5%
Capital payments % of capital expenditure	18(1)c;19	8	76.6%	148.8%	0.0%	108.9%	90.0%	90.0%	90.0%	100.3%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								0.0%	0.0%	0.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	103.4%	115.8%	12.3%	0.0%	0.0%	0.0%	21.2%	(15.0%)	8.8%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	4.9%	7.2%	6.0%	7.2%	7.2%	7.2%	8.3%	8.4%	6.7%	6.3%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	0.0%	38.9%	59.7%	59.7%	0.0%	34.2%	19.9%	21.7%

References

1. Positive cash balances indicative of minimum compliance - subject to 2
2. Deduct cash and investment applications (defined) from cash balances
3. Indicative of sufficient liquidity to meet average monthly operating payments
4. Indicative of funded operational requirements
5. Indicative of adherence to macro-economic targets (prior to 2003/04 revenue not available for high capacity municipalities and later for other capacity classifications)
6. Realistic average cash collection forecasts as % of annual billed revenue
7. Realistic average increase in debt impairment (doubtful debt) provision
8. Indicative of planned capital expenditure level & cash payment timing
9. Indicative of compliance with borrowing 'only' for the capital budget - should not exceed 100% unless refinancing
10. Substantiation of National/Province allocations included in budget
11. Indicative of realistic current annual debtor collection targets (prior to 2003/04 revenue not available for high capacity municipalities and later for other capacity classifications)
12. Indicative of realistic long term annual debtor collection targets (prior to 2003/04 revenue not available for high capacity municipalities and later for other capacity classifications)
13. Indicative of a credible allowance for repairs & maintenance of assets - functioning assets revenue protection
14. Indicative of a credible allowance for asset renewal (requires analysis of asset renewal projects as % of total capital projects - detailed capital plan) - functioning assets revenue protection

Supporting indicators												
% incr total service charges (incl prop rates)	18(1)a			8.8%	48.8%	(19.8%)	0.0%	0.0%	0.0%	3.8%	5.4%	5.4%
% incr Property Tax	18(1)a			1.8%	81.7%	(33.2%)	0.0%	0.0%	0.0%	2.7%	5.4%	5.4%
% incr Service charges - electricity revenue	18(1)a			19.4%	4.6%	12.0%	0.0%	0.0%	0.0%	4.0%	5.4%	5.4%
% incr Service charges - water revenue	18(1)a			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
% incr Service charges - sanitation revenue	18(1)a			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
% incr Service charges - refuse revenue	18(1)a			20.3%	6.2%	8.3%	0.0%	0.0%	0.0%	8.3%	5.4%	5.4%
% incr in Service charges - other	18(1)a			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total billable revenue	18(1)a		34 385	37 407	55 607	44 560	44 560	44 560	44 560	46 262	48 761	51 394
Service charges			34 199	37 203	55 348	44 370	44 370	44 370	44 370	46 072	48 560	51 183
Property rates			20 844	21 219	38 547	25 764	25 764	25 764	25 764	26 466	27 896	29 402
Service charges - electricity revenue			8 979	10 720	11 213	12 556	12 556	12 556	12 556	13 056	13 761	14 504
Service charges - water revenue			-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue			-	-	-	-	-	-	-	-	-	-
Service charges - refuse removal			4 376	5 264	5 588	6 050	6 050	6 050	6 050	6 550	6 904	7 277
Service charges - other			-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment			187	204	259	190	190	190	190	190	200	211
Capital expenditure excluding capital grant funding			16 838	12 404	-	31 431	25 481	25 481	25 481	28 163	39 839	29 112
Cash receipts from ratepayers	18(1)a		29 308	49 513	38 008	39 044	39 044	39 044	39 044	40 747	42 947	45 266
Ratepayer & Other revenue	18(1)a		42 449	56 541	60 161	45 935	45 935	45 935	45 935	47 437	49 998	52 698
Change in consumer debtors (current and non-current)			10 418	6 922	15 761	3 623	3 623	3 623	3 623	7 000	(6 000)	3 000
Operating and Capital Grant Revenue	18(1)a		81 016	63 930	93 360	48 924	31 401	31 401	31 401	34 408	71 916	74 219
Capital expenditure - total	20(1)(vi)		52 351	46 018	-	63 288	76 562	76 562	76 562	90 497	89 367	80 475
Capital expenditure - renewal	20(1)(vi)		-	-	-	24 640	45 682	45 682		30 930	17 811	17 482
Supporting benchmarks												
Growth guideline maximum			6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
CPI guideline			4.3%	3.9%	4.6%	5.0%	5.0%	5.0%	5.0%	5.4%	5.6%	5.4%
DoRA operating grants total MFY												
DoRA capital grants total MFY												
Provincial operating grants												
Provincial capital grants												
District Municipality grants												
Total gazetted/adviced national, provincial and district grants										-	-	-
Average annual collection rate (arrears inclusive)												

Description	MFMA section	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework			
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	
DoRA operating <i>List operating grants</i>													
											-	-	
DoRA capital <i>List capital grants</i>													
											-	-	-
Trend													
Change in consumer debtors (current and non-current)			10 418	6 922	15 761	3 623	7 000	(6 000)	3 000	-	-	-	
Total Operating Revenue			160 980	156 368	156 330	128 716	130 386	130 386	130 386	146 679	174 077	181 058	
Total Operating Expenditure			111 588	109 405	118 137	134 981	135 401	135 401	135 401	146 679	174 077	181 058	
Operating Performance Surplus/(Deficit)			49 392	46 962	38 193	(6 265)	(5 015)	(5 015)	(5 015)	(0)	0	(0)	
Cash and Cash Equivalents (30 June 2012)										52 889			
Revenue													
% Increase in Total Operating Revenue				(2.9%)	(0.0%)	(17.7%)	1.3%	0.0%	0.0%	12.5%	18.7%	4.0%	
% Increase in Property Rates Revenue				2.0%	60.4%	(24.4%)	0.0%	0.0%	0.0%	(3.3%)	5.4%	5.4%	
% Increase in Electricity Revenue				19.4%	4.6%	12.0%	0.0%	0.0%	0.0%	4.0%	5.4%	5.4%	
% Increase in Property Rates & Services Charges				8.8%	48.8%	(19.8%)	0.0%	0.0%	0.0%	3.8%	5.4%	5.4%	
Expenditure													
% Increase in Total Operating Expenditure				(2.0%)	8.0%	14.3%	0.3%	0.0%	0.0%	8.3%	18.7%	4.0%	
% Increase in Employee Costs				17.9%	(4.1%)	35.7%	0.0%	0.0%	0.0%	25.0%	5.4%	5.8%	
% Increase in Electricity Bulk Purchases				23.9%	2.3%	35.6%	0.0%	0.0%	0.0%	9.0%	5.4%	5.4%	
Average Cost Per Budgeted Employee Position (Remuneration)					223872.1961	159194.6739				0			
Average Cost Per Councillor (Remuneration)					236133.3024	265334.299				0			
R&M % of PPE			4.9%	7.2%	6.0%	7.2%	7.2%	7.2%		8.4%	6.7%	6.3%	
Asset Renewal and R&M as a % of PPE			5.0%	7.0%	5.0%	17.0%	25.0%	25.0%		19.0%	14.0%	14.0%	
Debt Impairment % of Total Billable Revenue			28.2%	8.2%	0.0%	6.4%	6.4%	6.4%	6.4%	6.5%	6.5%	6.5%	
Capital Revenue													
Internally Funded & Other (R'000)			16 838	12 404	-	31 431	25 512	25 512	25 512	28 163	39 839	29 112	
Borrowing (R'000)			-	-	-	-	-	-	-	-	-	-	
Grant Funding and Other (R'000)			35 513	33 613	-	31 857	51 081	51 081	51 081	62 334	49 528	51 363	
Internally Generated funds % of Non Grant Funding			100.0%	100.0%	0.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	
Borrowing % of Non Grant Funding			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Grant Funding % of Total Funding			67.8%	73.0%	0.0%	50.3%	66.7%	66.7%	66.7%	68.9%	55.4%	63.8%	
Capital Expenditure													
Total Capital Programme (R'000)			52 351	46 018	-	63 288	76 562	76 562	75 462	90 497	89 367	80 475	
Asset Renewal			-	-	-	24 640	45 682	45 682	45 682	30 930	17 811	17 482	
Asset Renewal % of Total Capital Expenditure			0.0%	0.0%	0.0%	38.9%	59.6%	59.6%	59.6%	34.2%	19.9%	21.7%	
Cash													
Cash Receipts % of Rate Payer & Other			69.0%	87.6%	63.2%	85.0%	85.0%	85.0%	85.0%	85.9%	85.9%	85.9%	
Cash Coverage Ratio			0	0	0	0	0	0	0	0	0	0	
Borrowing													
Credit Rating (2009/10)										0			
Capital Charges to Operating			0.2%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Borrowing Receipts % of Capital Expenditure			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Reserves													
Surplus/(Deficit)			15 095	33 175	44 539	58 336	58 336	58 336	58 336	27 581	32 205	46 781	
Free Services													
Free Basic Services as a % of Equitable Share			1.5%	1.3%	0.0%	1.0%	0.0%	1.0%		0.8%	0.0%	0.0%	
Free Services as a % of Operating Revenue			8.4%	6.3%	0.0%	7.8%	0.0%	7.8%		7.5%	0.0%	0.0%	

Description	MFMA section	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
High Level Outcome of Funding Compliance												
Total Operating Revenue			160 980	156 368	156 330	128 716	130 386	130 386	130 386	146 679	174 077	181 058
Total Operating Expenditure			111 588	109 405	118 137	134 981	135 401	135 401	135 401	146 679	174 077	181 058
Surplus/(Deficit) Budgeted Operating Statement			49 392	46 962	38 193	(6 265)	(5 015)	(5 015)	(5 015)	(0)	0	(0)
Surplus/(Deficit) Considering Reserves and Cash Backing			64 488	80 137	82 732	52 071	53 321	53 321	53 321	27 581	32 205	46 781
M1 REF Funded (1) / Unfunded (0)		15	1	1	1	1	1	1	1	1	1	1
M1 REF Funded ✓ / Unfunded ✗		15	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

10.6.5.1 Cash/cash equivalent position

The Municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2014/15 MTREF shows R51 million, R63 million and R75 million for each respective financial year.

10.6.5.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table 19, on page 30. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

10.6.5.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the Municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts. Notably, the ratio has been increasing steadily for the period 2010/11 to 2014/15, moving from 3.4 to 6.0 with the adopted 2013/14 MTREF. As part of the 2014/15 MTREF the municipalities improving cash position causes the ratio to move upwards to 7.1 and then increase slightly to 8.1 for the outer years. As indicated above the Municipality aims to achieve at least one month's cash coverage in the medium term, and then gradually move towards two months coverage. This measure will have to be carefully monitored going forward.

10.6.5.4 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term.

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

10.6.5.5 Property Rates/service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the

increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 3 - 6 per cent). The result is intended to be an approximation of the real increase in revenue. From the table above it can be seen that the percentage growth totals 6, 0.6 and 0.2 per cent for the respective financial year of the 2014/15 MTREF. Considering the lowest percentage tariff increase in relation to revenue generated from rates and services charges is 6 per cent, with the increase in electricity at 11.05 per cent it is to be expected that the increase in revenue will exceed the inflation target figures. However, the outcome is lower than it might be due to the slowdown in the economy and a reduction in consumption patterns. This trend will have to be carefully monitored and managed with the implementation of the budget.

10.6.5.6 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 161, 146 and 151 per cent for each of the respective financial years. Given that the assumed collection rate was based on a 90 per cent performance target, the cash flow statement has been conservatively determined. In addition the risks associated with objections to the valuation roll need to be clarified and hence the conservative approach, also taking into consideration the cash flow challenges experienced in the current financial year. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

10.6.5.7 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 6.4, 6.4 and 6.4 per cent over the MTREF. Considering the debt incentive scheme and the municipality's revenue management strategy's objective to collect outstanding debtors of 90 days, the provision is well within the accepted leading practice.

10.6.5.8 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that a 2 per cent timing discount has been factored into the cash position forecasted over the entire financial year. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that creditors be paid within 30 days.

10.6.5.9 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been be

excluded. It can be seen that borrowing equates to 0 per cent of own funded capital. Further details relating to the borrowing strategy of the Municipality can be found on page 56.

10.6.5.10 Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The Municipality has budgeted for all transfers.

10.6.5.11 Consumer debtors change (Current and Non-current)

The purpose of these measures are to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures show a relatively stable trend in line with the Municipality's policy of settling debtors accounts within 30 days.

10.6.5.12 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. Details of the Municipality's strategy pertaining to asset management and repairs and maintenance is contained in Table 50 MBRR SA34C on page 82.

10.6.5.13 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets. Further details in this regard are contained in Table 49 MBRR SA34b on page 81.

10.7 Expenditure on grants and reconciliations of unspent funds

Table 37 MBRR SA19 - Expenditure on transfers and grant programmes

KZN291 Mandeni - Supporting Table SA19 Expenditure on transfers and grant programme

Description R thousand	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
EXPENDITURE:									
Operating expenditure of Transfers and Grants									
National Government:	-	-	-	-	-	-	-	-	-
Local Government Equitable Share									
Finance Management									
Municipal Systems Improvement									
EPWP Incentive									
Other transfers/grants [insert description]									
Provincial Government:	-	-	-	-	-	-	-	-	-
Community Participation IDP (Prov.)									
Joint Project Funding (Prov.)									
Provincialization of Libraries									
Recapitalisation- Community Library									
#REF!									
District Municipality:	-	-	-	-	-	-	-	-	-
[insert description]									
Other grant providers:	-	-	-	-	-	-	-	-	-
[insert description]									
Total operating expenditure of Transfers and Grants	-	-	-	-	-	-	-	-	-
Capital expenditure of Transfers and Grants									
National Government:	-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant (MIG)									
Neighbourhood Development Partnership									
#REF!									
Other capital transfers/grants [insert desc]									
Provincial Government:	-	-	-	-	-	-	-	-	-
Small towns rehabilitation									
District Municipality:	-	-	-	-	-	-	-	-	-
[insert description]									
Other grant providers:	-	-	-	-	-	-	-	-	-
[insert description]									
Total capital expenditure of Transfers and Grants	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	-	-	-	-	-	-	-	-	-

Table 38 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

KZN291 Mandeni - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

Description R thousand	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Operating transfers and grants:									
National Government:									
Balance unspent at beginning of the year									
Current year receipts	51 442	59 056	67 608	77 830	77 830	77 830	94 794	121 444	125 582
Conditions met - transferred to revenue	51 442	59 056	67 608	77 830	77 830	77 830	94 794	121 444	125 582
Conditions still to be met - transferred to liabilities									
Provincial Government:									
Balance unspent at beginning of the year									
Current year receipts	65 087	38 488	25 752	2 951	4 621	4 621	1 948	-	-
Conditions met - transferred to revenue	65 087	38 488	25 752	2 951	4 621	4 621	1 948	-	-
Conditions still to be met - transferred to liabilities									
District Municipality:									
Balance unspent at beginning of the year									
Current year receipts									
Conditions met - transferred to revenue	-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities									
Other grant providers:									
Balance unspent at beginning of the year									
Current year receipts									
Conditions met - transferred to revenue	-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities									
Total operating transfers and grants revenue	116 530	97 544	93 360	80 781	82 451	82 451	96 742	121 444	125 582
Total operating transfers and grants - CTBM	-	-	-	-	-	-	-	-	-
Capital transfers and grants:									
National Government:									
Balance unspent at beginning of the year									
Current year receipts	11 509	33 613	-	29 347	37 711	37 711	62 334	49 528	51 363
Conditions met - transferred to revenue	11 509	33 613	-	29 347	37 711	37 711	62 334	49 528	51 363
Conditions still to be met - transferred to liabilities									
Provincial Government:									
Balance unspent at beginning of the year									
Current year receipts	11 374	-	-	2 510	13 339	13 339	-	-	-
Conditions met - transferred to revenue	11 374	-	-	2 510	13 339	13 339	-	-	-
Conditions still to be met - transferred to liabilities									
District Municipality:									
Balance unspent at beginning of the year									
Current year receipts									
Conditions met - transferred to revenue	-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities									
Other grant providers:									
Balance unspent at beginning of the year									
Current year receipts									
Conditions met - transferred to revenue	-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities									
Total capital transfers and grants revenue	22 883	33 613	-	31 857	51 050	51 050	62 334	49 528	51 363
Total capital transfers and grants - CTBM	-	-	-	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS REVENUE	139 412	131 157	93 360	112 638	133 501	133 501	159 076	170 972	176 945
TOTAL TRANSFERS AND GRANTS - CTBM	-	-	-	-	-	-	-	-	-

10.8 Councillor and employee benefits

Table 39 MBRR SA22 - Summary of councillor and staff benefits

KZN291 Mandeni - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration R thousand	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
	A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)									
Basic Salaries and Wages	4 573	5 663	5 928	6 105	6 105	6 105	6 386	6 731	7 121
Pension and UIF Contributions	–	–	–	757	757	757	692	729	771
Medical Aid Contributions	1 022	1 276	1 372	1 417	1 417	1 417	1 200	1 264	1 338
Motor Vehicle Allowance	334	404	430	376	376	376	745	785	831
Cellphone Allowance	282	179	298	366	366	366	695	733	776
Housing Allowances									
Other benefits and allowances									
Sub Total - Councillors	6 211	7 523	8 029	9 021	9 021	9 021	9 718	10 242	10 836
% increase		21.1%	6.7%	12.4%	–	–	7.7%	5.4%	5.8%
Senior Managers of the Municipality									
Basic Salaries and Wages	–	–	2 248	3 286	3 286	3 286	4 328	4 561	4 826
Pension and UIF Contributions	–	–	–	249	249	249	365	384	407
Medical Aid Contributions	–	–	39	135	135	135	160	169	179
Overtime	–	–	–	–	–	–	–	–	–
Performance Bonus	–	–	–	263	263	263	352	371	393
Motor Vehicle Allowance	–	–	216	516	516	516	933	984	1 041
Cellphone Allowance	–	–	–	68	68	68	80	85	90
Housing Allowances	–	–	685	73	73	73	88	92	98
Other benefits and allowances									
Payments in lieu of leave									
Long service awards									
Post-retirement benefit obligations									
Sub Total - Senior Managers of Municipality	–	–	3 188	4 591	4 591	4 591	6 306	6 647	7 032
% increase		–	–	44.0%	–	–	37.4%	5.4%	5.8%
Other Municipal Staff									
Basic Salaries and Wages	17 083	17 728	20 605	28 989	28 989	28 989	37 757	39 795	42 104
Pension and UIF Contributions	2 966	3 113	3 649	2 596	2 596	2 596	2 798	2 949	3 121
Medical Aid Contributions	1 490	1 649	1 733	1 381	1 381	1 381	1 488	1 568	1 659
Overtime	437	751	856	107	107	107	153	161	171
Performance Bonus									
Motor Vehicle Allowance	1 854	2 064	730	5 109	5 109	5 109	5 011	5 282	5 588
Cellphone Allowance	164	190	139	152	152	152	176	185	196
Housing Allowances	135	137	18	219	219	219	245	258	273
Other benefits and allowances									
Payments in lieu of leave									
Long service awards									
Post-retirement benefit obligations									
Sub Total - Other Municipal Staff	24 128	25 632	27 730	38 551	38 551	38 551	47 628	50 199	53 111
% increase		6.2%	8.2%	39.0%	–	–	23.5%	5.4%	5.8%
Total Parent Municipality	30 339	33 154	38 947	52 163	52 163	52 163	63 652	67 089	70 980
		9.3%	17.5%	33.9%	–	–	22.0%	5.4%	5.8%
TOTAL SALARY, ALLOWANCES & BENEFITS	30 339	33 154	38 947	52 163	52 163	52 163	63 652	67 089	70 980
% increase		9.3%	17.5%	33.9%	–	–	22.0%	5.4%	5.8%
TOTAL MANAGERS AND STAFF	24 128	25 632	30 919	43 142	43 142	43 142	53 934	56 846	60 143

Table 40 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)

KZN291 Mandeni - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum		1.				2.
Councillors						
Speaker	569 374		25 511			594 885
Chief Whip	274 011		25 511			299 523
Executive Mayor	711 717		25 511			737 229
Deputy Executive Mayor	569 374		25 511			594 885
Executive Committee	1 174 333		102 046			1 276 378
Total for all other councillors	5 551 401		663 296			6 214 698
Total Councillors	8 850 211	-	867 388			9 717 598
Senior Managers of the Municipality						
Municipal Manager (MM)	780 815	104 942	236 617	68 617		1 190 990
Chief Finance Officer	709 391	92 113	182 346	56 751		1 040 602
Director Corporate Services	709 391	89 575	184 878	56 751		1 040 596
Director Technical Services	709 391	102 265	172 195	56 751		1 040 602
Director Development Planning	709 391	114 954	159 500	56 751		1 040 596
Director Community Services	709 391	108 609	165 847	56 751		1 040 599
Total Senior Managers of the Municipality	4 327 771	612 457	1 101 383	352 373		6 393 985
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	13 177 982	612 457	1 968 771	352 373		16 111 583

Table 41 MBRR SA24 – Summary of personnel numbers

KZN291 Mandeni - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers Number	2012/13			Current Year 2013/14			Budget Year 2014/15		
	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities									
Councillors (Political Office Bearers plus Other Councillors)	34	34		34	34		34	34	
Board Members of municipal entities									
Municipal employees									
Municipal Manager and Senior Managers	4	4		5	4		5	4	
Other Managers	7	7		11	7		11	7	
Professionals	5	5	–	29	13	–	29	13	–
<i>Finance</i>				5	3		5	3	
<i>Spatial/town planning</i>				3	2		3	2	
<i>Information Technology</i>									
<i>Roads</i>				1	1		1	1	
<i>Electricity</i>				1	1		1	1	
<i>Water</i>									
<i>Sanitation</i>									
<i>Refuse</i>									
<i>Other</i>	5	5		19	6		19	6	
Technicians	6	6	–	37	27	–	37	27	–
<i>Finance</i>				10	6		10	6	
<i>Spatial/town planning</i>									
<i>Information Technology</i>									
<i>Roads</i>									
<i>Electricity</i>				2	1		2	1	
<i>Water</i>									
<i>Sanitation</i>									
<i>Refuse</i>									
<i>Other</i>	6	6		19	14		19	14	
Clerks (Clerical and administrative)	34	34		63	39		63	39	
Service and sales workers	25	25		46	29		46	29	
Skilled agricultural and fishery workers									
Craft and related trades									
Plant and Machine Operators	48	48		21	21		21	21	
Elementary Occupations	13	13		65	65		65	65	
TOTAL PERSONNEL NUMBERS	176	176	–	305	233	–	305	233	–
% Increase				73.3%	32.4%	–	–	–	–
Total municipal employees headcount									
Finance personnel headcount									
Human Resources personnel headcount									

10.9 Monthly targets for revenue, expenditure and cash flow

Table 42 MBRR SA25 - Budgeted monthly revenue and expenditure

KZN291 Mandeni - S supporting Table SA25 Budgeted monthly revenue and expenditure

Description	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue By Source															
Property rates		2 531	2 531	2 531	2 531	2 531	2 531	2 531	2 531	2 531	2 531	–	25 314	26 554	27 935
Property rates - penalties & collection charges	38	38	38	38	38	38	38	38	38	38	38	38	450	472	497
Service charges - electricity revenue	1 046	1 046	1 046	1 046	1 046	1 046	1 046	1 046	1 046	1 046	1 046	1 046	12 556	13 171	13 856
Service charges - water revenue	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue	504	504	504	504	504	504	504	504	504	504	504	504	6 050	6 347	6 677
Service charges - other	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment	16	16	16	16	16	16	16	16	16	16	16	16	190	199	210
Interest earned - external investments	167	167	167	167	167	167	167	167	167	167	167	167	2 000	2 098	2 207
Interest earned - outstanding debtors	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Dividends received	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Fines	5	5	5	5	5	5	5	5	5	5	5	5	55	58	61
Licences and permits	21	21	21	21	21	21	21	21	21	21	21	21	250	262	276
Agency services	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers recognised - operational	6 732	6 732	6 732	6 732	6 732	6 732	6 732	6 732	6 732	6 732	6 732	6 732	80 781	97 234	126 509
Other revenue	89	89	89	89	89	89	89	89	89	89	89	89	1 071	336	354
Gains on disposal of PPE	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and	8 617	11 148	11 148	11 148	11 148	11 148	11 148	11 148	11 148	11 148	11 148	8 617	128 716	146 731	178 580
Expenditure By Type															
Employee related costs	3 595	3 595	3 595	3 595	3 595	3 595	3 595	3 595	3 595	3 595	3 595	3 595	43 142	45 471	48 109
Remuneration of councillors	752	752	752	752	752	752	752	752	752	752	752	752	9 021	9 509	10 060
Debt impairment	237	237	237	237	237	237	237	237	237	237	237	237	2 842	2 981	3 136
Depreciation & asset impairment	167	167	167	167	167	167	167	167	167	167	167	167	2 000	2 675	2 808
Finance charges	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Bulk purchases	840	840	840	840	840	840	840	840	840	840	840	840	10 084	10 578	11 128
Other materials	1 164	1 164	1 164	1 164	1 164	1 164	1 164	1 164	1 164	1 164	1 164	1 164	13 966	14 650	15 412
Contracted services	1 191	1 191	1 191	1 191	1 191	1 191	1 191	1 191	1 191	1 191	1 191	1 191	14 290	16 041	16 689
Transfers and grants	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other expenditure	3 303	3 303	3 303	3 303	3 303	3 303	3 303	3 303	3 303	3 303	3 303	3 303	39 637	53 009	78 710
Loss on disposal of PPE	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Expenditure	11 248	11 248	11 248	11 248	11 248	11 248	11 248	11 248	11 248	11 248	11 248	11 248	134 981	154 914	186 052
Surplus/(Deficit)	(2 632)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(2 632)	(6 265)	(8 183)	(7 472)
Transfers recognised - capital	2 655	2 655	2 655	2 655	2 655	2 655	2 655	2 655	2 655	2 655	2 655	2 655	31 857	32 980	35 313
Contributions recognised - capital	–	–	–	–	–	–	–	–	–	–	–	–	31 431	34 795	38 083
Contributed assets	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	23	2 555	2 555	2 555	2 555	2 555	2 555	2 555	2 555	2 555	2 555	31 454	57 022	59 592	65 924
Taxation	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Attributable to minorities	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit)	23	2 555	2 555	2 555	2 555	2 555	2 555	2 555	2 555	2 555	2 555	31 454	57 022	59 592	65 924

Table 43 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

KZN291 Mandeni - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description R thousand	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue by Vote															
Vote 1 - Executive and Council	488	488	488	488	488	488	488	488	488	488	488	488	5 860	6 121	6 396
Vote 2 - Budget and Terasury	9 160	9 160	9 160	9 160	9 160	9 160	9 160	9 160	9 160	9 160	9 160	9 160	109 920	135 875	139 387
Vote 3 - Corporate Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Community and Social Services	168	168	168	168	168	168	168	168	168	168	168	168	2 013	69	72
Vote 5 - Sport and Recreation	1	1	1	1	1	1	1	1	1	1	1	1	12	13	13
Vote 6 - Public Safety	74	74	74	74	74	74	74	74	74	74	74	74	893	942	992
Vote 7 - Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Health	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 9 - Planning and Development	25	25	25	25	25	25	25	25	25	25	25	25	300	316	333
Vote 10 - Environmental Protection	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - Road transport	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 - Waste Management	963	963	963	963	963	963	963	963	963	963	963	963	11 550	12 904	14 277
Vote 13 - Electricity	1 344	1 344	1 344	1 344	1 344	1 344	1 344	1 344	1 344	1 344	1 344	1 344	16 130	17 839	19 586
Vote 14 - [NAME OF VOTE 14]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue by Vote	12 223	12 223	12 223	12 223	12 223	12 223	12 223	12 223	12 223	12 223	12 223	12 223	146 679	174 077	181 058
Expenditure by Vote to be appropriated															
Vote 1 - Executive and Council	2 099	2 099	2 099	2 099	2 099	2 099	2 099	2 099	2 099	2 099	2 099	2 099	25 189	26 549	28 046
Vote 2 - Budget and Terasury	1 637	1 637	1 637	1 637	1 637	1 637	1 637	1 637	1 637	1 637	1 637	1 637	19 650	42 105	42 928
Vote 3 - Corporate Services	1 071	1 071	1 071	1 071	1 071	1 071	1 071	1 071	1 071	1 071	1 071	1 071	12 854	13 549	14 308
Vote 4 - Community and Social Services	958	958	958	958	958	958	958	958	958	958	958	958	11 493	11 715	12 377
Vote 5 - Sport and Recreation	64	64	64	64	64	64	64	64	64	64	64	64	763	805	850
Vote 6 - Public Safety	1 170	1 170	1 170	1 170	1 170	1 170	1 170	1 170	1 170	1 170	1 170	1 170	14 035	13 619	14 181
Vote 7 - Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Health	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 9 - Planning and Development	2 062	2 062	2 062	2 062	2 062	2 062	2 062	2 062	2 062	2 062	2 062	2 062	24 741	25 801	27 549
Vote 10 - Environmental Protection	595	595	595	595	595	595	595	595	595	595	595	595	7 144	7 530	7 950
Vote 11 - Road transport	842	842	842	842	842	842	842	842	842	842	842	842	10 098	10 576	9 846
Vote 12 - Waste Management	488	488	488	488	488	488	488	488	488	488	488	488	5 858	4 561	4 808
Vote 13 - Electricity	1 238	1 238	1 238	1 238	1 238	1 238	1 238	1 238	1 238	1 238	1 238	1 238	14 852	15 654	16 506
Vote 14 - [NAME OF VOTE 14]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	12 223	12 223	12 223	12 223	12 223	12 223	12 223	12 223	12 223	12 223	12 223	12 223	146 679	172 463	179 350
Surplus/(Deficit) before assoc.	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	1 614	1 708
Taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	1 614	1 708

Table 44 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

KZN291 Mandeni - Supporting Table SA27 Budgeted monthly revenue and expenditure (standard classification)

Description R thousand	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue - Standard															
<i>Governance and administration</i>	9 648	9 648	9 648	9 648	9 648	9 648	9 648	9 648	9 648	9 648	9 648	9 648	115 780	141 996	145 783
Executive and council	488	488	488	488	488	488	488	488	488	488	488	488	5 860	6 121	6 396
Budget and treasury office	9 160	9 160	9 160	9 160	9 160	9 160	9 160	9 160	9 160	9 160	9 160	9 160	109 920	135 875	139 387
Corporate services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>	243	243	243	243	243	243	243	243	243	243	243	243	2 918	1 023	1 078
Community and social services	168	168	168	168	168	168	168	168	168	168	168	168	2 013	69	72
Sport and recreation	1	1	1	1	1	1	1	1	1	1	1	1	12	13	13
Public safety	74	74	74	74	74	74	74	74	74	74	74	74	893	942	992
Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	25	25	25	25	25	25	25	25	25	25	25	25	300	316	333
Planning and development	25	25	25	25	25	25	25	25	25	25	25	25	300	316	333
Road transport	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>	2 307	2 307	2 307	2 307	2 307	2 307	2 307	2 307	2 307	2 307	2 307	2 307	27 680	30 743	33 863
Electricity	1 344	1 344	1 344	1 344	1 344	1 344	1 344	1 344	1 344	1 344	1 344	1 344	16 130	17 839	19 586
Water	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste water management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste management	963	963	963	963	963	963	963	963	963	963	963	963	11 550	12 904	14 277
<i>Other</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	12 223	12 223	12 223	12 223	12 223	12 223	12 223	12 223	12 223	12 223	12 223	12 223	146 679	174 077	181 058
Expenditure - Standard															
<i>Governance and administration</i>	4 808	4 808	4 808	4 808	4 808	4 808	4 808	4 808	4 808	4 808	4 808	4 808	57 693	82 203	85 283
Executive and council	2 099	2 099	2 099	2 099	2 099	2 099	2 099	2 099	2 099	2 099	2 099	2 099	25 189	26 549	28 046
Budget and treasury office	1 637	1 637	1 637	1 637	1 637	1 637	1 637	1 637	1 637	1 637	1 637	1 637	19 650	42 105	42 928
Corporate services	1 071	1 071	1 071	1 071	1 071	1 071	1 071	1 071	1 071	1 071	1 071	1 071	12 854	13 549	14 308
<i>Community and public safety</i>	2 191	2 191	2 191	2 191	2 191	2 191	2 191	2 191	2 191	2 191	2 191	2 191	26 292	26 139	27 408
Community and social services	958	958	958	958	958	958	958	958	958	958	958	958	11 493	11 715	12 377
Sport and recreation	64	64	64	64	64	64	64	64	64	64	64	64	763	805	850
Public safety	1 170	1 170	1 170	1 170	1 170	1 170	1 170	1 170	1 170	1 170	1 170	1 170	14 035	13 619	14 181
Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	3 499	3 499	3 499	3 499	3 499	3 499	3 499	3 499	3 499	3 499	3 499	3 499	41 984	43 907	45 345
Planning and development	2 062	2 062	2 062	2 062	2 062	2 062	2 062	2 062	2 062	2 062	2 062	2 062	24 741	25 801	27 549
Road transport	842	842	842	842	842	842	842	842	842	842	842	842	10 098	10 576	9 846
Environmental protection	595	595	595	595	595	595	595	595	595	595	595	595	7 144	7 530	7 950
<i>Trading services</i>	1 726	1 726	1 726	1 726	1 726	1 726	1 726	1 726	1 726	1 726	1 726	1 726	20 711	20 215	21 314
Electricity	1 238	1 238	1 238	1 238	1 238	1 238	1 238	1 238	1 238	1 238	1 238	1 238	14 852	15 654	16 506
Water	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste water management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste management	488	488	488	488	488	488	488	488	488	488	488	488	5 858	4 561	4 808
<i>Other</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	12 223	12 223	12 223	12 223	12 223	12 223	12 223	12 223	12 223	12 223	12 223	12 223	146 679	172 463	179 350
Surplus/(Deficit) before assoc.	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	1 614	1 708
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	1 614	1 708

Table 45 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

KZN291 Mandeni - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description R thousand	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Multi-year expenditure to be appropriated															
Vote 1 - Executive and Council	21	21	21	21	21	21	21	21	21	21	21	21	253	-	-
Vote 2 - Budget and Terasury	8	8	8	8	8	8	8	8	8	8	8	8	90	-	-
Vote 3 - Corporate Services	13	13	13	13	13	13	13	13	13	13	13	13	150	-	-
Vote 4 - Community and Social Services	174	174	174	174	174	174	174	174	174	174	174	174	2 083	2 706	2 112
Vote 5 - Sport and Recreation	63	63	63	63	63	63	63	63	63	63	63	63	750	3 200	5 000
Vote 6 - Public Safety	75	75	75	75	75	75	75	75	75	75	75	75	898	-	10 000
Vote 7 - Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Health	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 9 - Planning and Development	2 997	2 997	2 997	2 997	2 997	2 997	2 997	2 997	2 997	2 997	2 997	2 997	35 967	26 972	5 370
Vote 10 - Environmental Protection	34	34	34	34	34	34	34	34	34	34	34	34	410	-	-
Vote 11 - Road transport	3 196	3 196	3 196	3 196	3 196	3 196	3 196	3 196	3 196	3 196	3 196	3 196	38 347	46 489	47 993
Vote 12 - Waste Management	108	108	108	108	108	108	108	108	108	108	108	108	1 300	-	-
Vote 13 - Electricity	854	854	854	854	854	854	854	854	854	854	854	854	10 250	10 000	10 000
Vote 14 - [NAME OF VOTE 14]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7 541	7 541	7 541	7 541	7 541	7 541	7 541	7 541	7 541	7 541	7 541	7 541	90 497	89 367	80 475
Single-year expenditure to be appropriated															
Vote 1 - Executive and Council	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Budget and Terasury	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Community and Social Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Sport and Recreation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Public Safety	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Health	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 9 - Planning and Development	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - Environmental Protection	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - Road transport	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 - Waste Management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - Electricity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure	7 541	7 541	7 541	7 541	7 541	7 541	7 541	7 541	7 541	7 541	7 541	7 541	90 497	89 367	80 475

Table 46 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

KZN291 Mandeni - Supporting Table SA29 Budgeted monthly capital expenditure (standard classification)

Description R thousand	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Capital Expenditure - Standard															
<i>Governance and administration</i>	41	41	41	41	41	41	41	41	41	41	41	41	493	-	-
Executive and council	21	21	21	21	21	21	21	21	21	21	21	21	253	-	-
Budget and treasury office	8	8	8	8	8	8	8	8	8	8	8	8	90	-	-
Corporate services	13	13	13	13	13	13	13	13	13	13	13	13	150	-	-
<i>Community and public safety</i>	311	311	311	311	311	311	311	311	311	311	311	311	3 731	5 906	17 112
Community and social services	174	174	174	174	174	174	174	174	174	174	174	174	2 083	2 706	2 112
Sport and recreation	63	63	63	63	63	63	63	63	63	63	63	63	750	3 200	5 000
Public safety	75	75	75	75	75	75	75	75	75	75	75	75	898	-	10 000
Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	6 227	6 227	6 227	6 227	6 227	6 227	6 227	6 227	6 227	6 227	6 227	6 227	74 724	73 461	53 363
Planning and development	2 997	2 997	2 997	2 997	2 997	2 997	2 997	2 997	2 997	2 997	2 997	2 997	35 967	26 972	5 370
Road transport	3 196	3 196	3 196	3 196	3 196	3 196	3 196	3 196	3 196	3 196	3 196	3 196	38 347	46 489	47 993
Environmental protection	34	34	34	34	34	34	34	34	34	34	34	34	410	-	-
<i>Trading services</i>	963	963	963	963	963	963	963	963	963	963	963	963	11 550	10 000	10 000
Electricity	854	854	854	854	854	854	854	854	854	854	854	854	10 250	10 000	10 000
Water	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste water management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste management	108	108	108	108	108	108	108	108	108	108	108	108	1 300	-	-
<i>Other</i>													-	-	-
Total Capital Expenditure - Standard	7 541	7 541	7 541	7 541	7 541	7 541	7 541	7 541	7 541	7 541	7 541	7 541	90 497	89 367	80 475
Funded by:															
National Government												62 334	62 334	49 528	51 363
Provincial Government												-	-	-	-
District Municipality												-	-	-	-
Other transfers and grants												-	-	-	-
Transfers recognised - capital	-	-	-	-	-	-	-	-	-	-	-	62 334	62 334	49 528	51 363
Public contributions & donations												-	-	-	-
Borrowing												-	-	-	-
Internally generated funds												28 163	28 163	39 839	29 112
Total Capital Funding	-	-	-	-	-	-	-	-	-	-	-	90 497	90 497	89 367	80 475

Table 47 MBRR SA30 - Budgeted monthly cash flow

KZN291 Mandeni - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS R thousand	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Cash Receipts By Source															
Property rates		2 102	2 102	2 102	2 102	2 102	2 102	2 102	2 102	2 102	2 102	–	21 016	22 151	23 347
Property rates - penalties & collection charges	143	143	143	143	143	143	143	143	143	143	143	143	1 718	1 811	1 908
Service charges - electricity revenue	935	935	935	935	935	935	935	935	935	935	935	935	11 214	11 820	12 458
Service charges - water revenue	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue	469	469	469	469	469	469	469	469	469	469	469	469	5 626	5 930	6 250
Service charges - other	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment	16	16	16	16	16	16	16	16	16	16	16	16	190	200	211
Interest earned - external investments	208	208	208	208	208	208	208	208	208	208	208	208	2 500	2 635	2 777
Interest earned - outstanding debtors	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Dividends received	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Fines	42	42	42	42	42	42	42	42	42	42	42	42	505	532	561
Licences and permits	25	25	25	25	25	25	25	25	25	25	25	25	300	316	333
Agency services	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfer receipts - operational	8 062	8 062	8 062	8 062	8 062	8 062	8 062	8 062	8 062	8 062	8 062	8 062	96 742	121 444	125 582
Other revenue	31	31	31	31	31	31	31	31	31	31	31	31	370	389	410
Cash Receipts by Source	9 930	12 032	12 032	12 032	12 032	12 032	12 032	12 032	12 032	12 032	12 032	9 930	140 181	167 228	173 839
Other Cash Flows by Source															
Transfer receipts - capital	5 195	5 195	5 195	5 195	5 195	5 195	5 195	5 195	5 195	5 195	5 195	5 195	62 334	49 528	51 363
Contributions recognised - capital & Contributed a	2 347	2 347	2 347	2 347	2 347	2 347	2 347	2 347	2 347	2 347	2 347	2 347	28 163	39 839	29 112
Proceeds on disposal of PPE													–		
Short term loans													–		
Borrowing long term/refinancing													–		
Increase (decrease) in consumer deposits													–		
Decrease (Increase) in non-current debtors													–		
Decrease (increase) other non-current receivables													–		
Decrease (increase) in non-current investments													–		
Total Cash Receipts by Source	17 472	19 573	19 573	19 573	19 573	19 573	19 573	19 573	19 573	19 573	19 573	17 472	230 678	256 596	254 314

MONTHLY CASH FLOWS	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand															
Cash Payments by Type															
Employee related costs	4 494	4 494	4 494	4 494	4 494	4 494	4 494	4 494	4 494	4 494	4 494	4 494	53 934	56 846	60 143
Remuneration of councillors	810	810	810	810	810	810	810	810	810	810	810	810	9 718	10 242	10 836
Finance charges	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Bulk purchases - Electricity	965	965	965	965	965	965	965	965	965	965	965	965	11 585	12 210	–
Bulk purchases - Water & Sewer	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other materials	1 287	1 287	1 287	1 287	1 287	1 287	1 287	1 287	1 287	1 287	1 287	1 287	15 446	16 280	17 159
Contracted services	913	913	913	913	913	913	913	913	913	913	913	913	10 960	10 377	10 744
Transfers and grants - other municipalities	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers and grants - other	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other expenditure	3 386	3 386	3 386	3 386	3 386	3 386	3 386	3 386	3 386	3 386	3 386	3 386	40 630	62 899	63 807
Cash Payments by Type	11 856	11 856	11 856	11 856	11 856	11 856	11 856	11 856	11 856	11 856	11 856	11 856	142 273	168 856	162 690
Other Cash Flows/Payments by Type															
Capital assets	7 541	7 541	7 541	7 541	7 541	7 541	7 541	7 541	7 541	7 541	7 541	7 541	90 497	89 367	80 475
Repayment of borrowing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other Cash Flow s/Payments	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Cash Payments by Type	19 397	19 397	19 397	19 397	19 397	19 397	19 397	19 397	19 397	19 397	19 397	19 397	232 770	258 223	243 166
NET INCREASE/(DECREASE) IN CASH HELD	(1 926)	176	176	176	176	176	176	176	176	176	176	(1 926)	(2 092)	(1 627)	11 148
Cash/cash equivalents at the month/year begin:	66 524	64 599	64 775	64 950	65 126	65 302	65 478	65 654	65 830	66 006	66 182	66 358	66 524	64 433	62 805
Cash/cash equivalents at the month/year end:	64 599	64 775	64 950	65 126	65 302	65 478	65 654	65 830	66 006	66 182	66 358	64 433	64 433	62 805	73 954

10.10 Contracts having future budgetary implications

In terms of the Municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

10.11 Capital expenditure details

The following three tables present details of the Municipality's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

Table 48 MBRR SA 34a - Capital expenditure on new assets by asset class

KZN291 Mandeni - Supporting Table SA34a Capital expenditure on new assets by asset class

Description R thousand	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Capital expenditure on new assets by Asset Class/Sub-class									
Infrastructure	18 879	29 224	27 598	31 835	44 195	44 195	41 957	44 556	45 993
Infrastructure - Road transport	18 879	29 224	27 390	31 835	44 195	44 195	32 957	34 556	35 993
Roads, Pavements & Bridges	18 879	29 224	25 312	31 835	44 195	44 195	32 957	34 556	35 993
Storm water	-	-	2 079	-	-	-	-	-	-
Infrastructure - Electricity	-	-	208	-	-	-	9 000	10 000	10 000
Generation	-	-	-	-	-	-	-	-	-
Transmission & Reticulation	-	-	-	-	-	-	9 000	10 000	10 000
Street Lighting	-	-	208	-	-	-	-	-	-
Infrastructure - Water	-	-	-	-	-	-	-	-	-
Dams & Reservoirs	-	-	-	-	-	-	-	-	-
Water purification	-	-	-	-	-	-	-	-	-
Reticulation	-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation	-	-	-	-	-	-	-	-	-
Reticulation	-	-	-	-	-	-	-	-	-
Sewerage purification	-	-	-	-	-	-	-	-	-
Infrastructure - Other	-	-	-	-	-	-	-	-	-
Waste Management	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-
Gas	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Community	20 838	11 478	299	3 622	3 622	3 622	400	5 000	7 000
Parks & gardens	-	-	-	-	-	-	-	-	-
Sportsfields & stadia	11 973	590	-	3 022	3 022	3 022	-	-	-
Swimming pools	-	-	-	300	300	300	400	3 000	5 000
Community halls	8 865	10 887	299	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-
Recreational facilities	-	-	-	-	-	-	-	-	-
Fire, safety & emergency	-	-	-	-	-	-	-	-	-
Security and policing	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-
Clinics	-	-	-	-	-	-	-	-	-
Museums & Art Galleries	-	-	-	-	-	-	-	-	-
Cemeteries	-	-	-	-	-	-	-	2 000	2 000
Social rental housing	-	-	-	-	-	-	-	-	-
Other	-	-	-	300	300	300	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Housing development	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Other assets	5 344	714	2 491	3 541	3 541	2 641	17 493	22 006	10 007
General vehicles	240	-	-	900	900	-	1 500	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-
Plant & equipment	798	16	518	1 820	1 820	1 820	2 800	-	-
Computers - hardware/equipment	155	229	383	287	287	287	120	-	-
Furniture and other office equipment	202	154	479	534	534	534	923	6	7
Abattoirs	-	-	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-	-	-
Civic Land and Buildings	-	314	-	-	-	-	12 000	22 000	-
Other Buildings	2 989	-	1 084	-	-	-	150	-	10 000
Other Land	631	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-
Other	329	-	28	-	-	-	-	-	-
Agricultural assets	-	-	-	-	-	-	-	-	-
List sub-class	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
List sub-class	-	-	-	-	-	-	-	-	-
Intangibles	-	-	-	-	-	-	-	-	-
Computers - software & programming	-	-	-	-	-	-	-	-	-
Other (list sub-class)	-	-	-	-	-	-	-	-	-
Total Capital Expenditure on new assets	45 061	41 416	30 388	38 998	51 358	50 458	59 850	71 562	63 000
Specialised vehicles	-	-	-	-	-	-	-	-	-
Refuse	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-
Conservancy	-	-	-	-	-	-	-	-	-
Ambulances	-	-	-	-	-	-	-	-	-

Table 49 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class

KZN291 Mandeni - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset class

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Capital expenditure on renewal of existing assets by Asset Class/Sub-class									
Infrastructure	-	-	-	19 500	40 892	40 892	26 377	16 905	17 370
Infrastructure - Road transport	-	-	-	17 500	38 892	38 892	25 377	16 905	17 370
Roads, Pavements & Bridges	-	-	-	17 500	-	20 446	25 377	16 905	17 370
Storm water	-	-	-	-	18 446	18 446	-	-	-
Infrastructure - Electricity	-	-	-	2 000	2 000	2 000	1 000	-	-
Generation	-	-	-	-	-	-	-	-	-
Transmission & Reticulation	-	-	-	1 000	2 000	2 000	500	-	-
Street Lighting	-	-	-	1 000	-	-	500	-	-
Infrastructure - Water	-	-	-	-	-	-	-	-	-
Dams & Reservoirs	-	-	-	-	-	-	-	-	-
Water purification	-	-	-	-	-	-	-	-	-
Reticulation	-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation	-	-	-	-	-	-	-	-	-
Reticulation	-	-	-	-	-	-	-	-	-
Sewerage purification	-	-	-	-	-	-	-	-	-
Infrastructure - Other	-	-	-	-	-	-	-	-	-
Waste Management	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-
Gas	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Community	-	-	-	400	50	50	2 150	900	105
Parks & gardens	-	-	-	-	-	-	-	-	-
Sportsfields & stadia	-	-	-	-	-	-	350	200	-
Swimming pools	-	-	-	-	-	-	-	-	-
Community halls	-	-	-	-	-	-	1 600	-	-
Libraries	-	-	-	350	-	-	200	700	105
Recreational facilities	-	-	-	-	-	-	-	-	-
Fire, safety & emergency	-	-	-	-	-	-	-	-	-
Security and policing	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-
Clinics	-	-	-	-	-	-	-	-	-
Museums & Art Galleries	-	-	-	-	-	-	-	-	-
Cemeteries	-	-	-	-	-	-	-	-	-
Social rental housing	-	-	-	-	-	-	-	-	-
Other	-	-	-	50	50	50	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Housing development	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	4 740	4 740	4 740	2 403	6	7
General vehicles	-	-	-	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-
Plant & equipment	-	-	-	-	-	-	-	-	-
Computers - hardware/equipment	-	-	-	50	50	50	40	-	-
Furniture and other office equipment	-	-	-	390	390	390	363	6	7
Abattoirs	-	-	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-	-	-
Civic Land and Buildings	-	-	-	4 300	4 300	4 300	2 000	-	-
Other Buildings	-	-	-	-	-	-	-	-	-
Other Land	-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Agricultural assets	-	-	-	-	-	-	-	-	-
List sub-class	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
List sub-class	-	-	-	-	-	-	-	-	-
Intangibles	-	-	-	-	-	-	-	-	-
Computers - software & programming	-	-	-	-	-	-	-	-	-
Other (list sub-class)	-	-	-	-	-	-	-	-	-
Total Capital Expenditure on renewal of existing	-	-	-	24 640	45 682	45 682	30 930	17 811	17 482
Specialised vehicles	-	-	-	-	-	-	-	-	-
Refuse	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-
Conservancy	-	-	-	-	-	-	-	-	-
Ambulances	-	-	-	-	-	-	-	-	-

Table 50 MBRR SA34c - Repairs and maintenance expenditure by asset class

KZN291 Mandeni - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description R thousand	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Repairs and maintenance expenditure by Asset Class/Sub-class									
Infrastructure	7 820	13 123	8 314	12 434	12 434	12 434	14 969	15 777	16 668
Infrastructure - Road transport	7 342	12 258	7 493	11 434	11 434	11 434	13 969	14 723	15 557
<i>Roads, Pavements & Bridges</i>	2 565	6 623	2 088	4 100	4 100	4 100	4 800	5 059	5 332
<i>Storm water</i>	4 778	5 635	5 404	7 334	7 334	7 334	9 169	9 664	10 224
Infrastructure - Electricity	477	865	821	1 000	1 000	1 000	1 000	1 054	1 111
<i>Generation</i>	477	865	821	1 000	1 000	1 000	1 000	1 054	1 111
<i>Transmission & Reticulation</i>									
<i>Street Lighting</i>									
Infrastructure - Water	-	-	-	-	-	-	-	-	-
<i>Dams & Reservoirs</i>									
<i>Water purification</i>									
<i>Reticulation</i>									
Infrastructure - Sanitation	-	-	-	-	-	-	-	-	-
<i>Reticulation</i>									
<i>Sewerage purification</i>									
Infrastructure - Other	-	-	-	-	-	-	-	-	-
<i>Waste Management</i>									
<i>Transportation</i>									
<i>Gas</i>									
<i>Other</i>									
Community	736	826	2 559	3 280	3 280	3 280	3 780	3 984	4 200
Parks & gardens	633	721	2 452	3 000	3 000	3 000	3 500	3 689	3 888
Sportsfields & stadia									
Swimming pools									
Community halls									
Libraries									
Recreational facilities									
Fire, safety & emergency	103	105	107	280	280	280	280	295	311
Security and policing									
Buses									
Clinics									
Museums & Art Galleries									
Cemeteries									
Social rental housing									
Other									
Heritage assets	-	-	-	-	-	-	-	-	-
Buildings									
Other									
Investment properties	-	-	-	-	-	-	-	-	-
Housing development									
Other									
Other assets	1 654	1 867	3 017	5 586	5 586	5 586	5 866	6 182	6 516
General vehicles	-	-	-	-	-	-	-	-	-
Specialised vehicles	552	881	1 449	1 380	1 380	1 380	1 580	1 665	1 755
Plant & equipment									
Computers - hardware/equipment	458	330	415	1 931	1 931	1 931	1 711	1 803	1 900
Furniture and other office equipment									
Abattoirs									
Markets									
Civic Land and Buildings	290	415	424	940	940	940	1 140	1 202	1 266
Other Buildings									
Other Land									
Surplus Assets - (Investment or Inventory)									
Other	354	241	729	1 335	1 335	1 335	1 435	1 512	1 594
Agricultural assets	-	-	-	-	-	-	-	-	-
<i>List sub-class</i>									
Biological assets	-	-	-	-	-	-	-	-	-
<i>List sub-class</i>									
Intangibles	-	-	-	-	-	-	-	-	-
Computers - software & programming									
Other (<i>List sub-class</i>)									
Total Repairs and Maintenance Expenditure	10 210	15 815	13 891	21 300	21 300	21 300	24 615	25 944	27 383
Specialised vehicles	-	-	-	-	-	-	-	-	-
Refuse									
Fire									
Conservancy									
Ambulances									

Table 51 MBRR SA35 - Future financial implications of the capital budget

KZN291 Mandeni - Supporting Table SA35 Future financial implications of the capital budget

Vote Description R thousand	2014/15 Medium Term Revenue & Expenditure Framework			Forecasts			
	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	Forecast 2017/18	Forecast 2018/19	Forecast 2019/20	Present value
Capital expenditure							
Vote 1 - Executive and Council	253	-	-				
Vote 2 - Budget and Terasury	90	-	-				
Vote 3 - Corporate Services	150	-	-				
Vote 4 - Community and Social Services	2 083	2 706	2 112				
Vote 5 - Sport and Recreation	750	3 200	5 000				
Vote 6 - Public Safety	898	-	10 000				
Vote 7 - Housing	-	-	-				
Vote 8 - Health	-	-	-				
Vote 9 - Planning and Development	35 967	26 972	5 370				
Vote 10 - Environmental Protection	410	-	-				
Vote 11 - Road transport	38 347	46 489	47 993				
Vote 12 - Waste Management	1 300	-	-				
Vote 13 - Electricity	10 250	10 000	10 000				
Vote 14 - [NAME OF VOTE 14]	-	-	-				
Vote 15 - [NAME OF VOTE 15]	-	-	-				
<i>List entity summary if applicable</i>							
Total Capital Expenditure	90 497	89 367	80 475	-	-	-	-
Future operational costs by vote							
Vote 1 - Executive and Council							
Vote 2 - Budget and Terasury							
Vote 3 - Corporate Services							
Vote 4 - Community and Social Services							
Vote 5 - Sport and Recreation							
Vote 6 - Public Safety							
Vote 7 - Housing							
Vote 8 - Health							
Vote 9 - Planning and Development							
Vote 10 - Environmental Protection							
Vote 11 - Road transport							
Vote 12 - Waste Management							
Vote 13 - Electricity							
Vote 14 - [NAME OF VOTE 14]							
Vote 15 - [NAME OF VOTE 15]							
<i>List entity summary if applicable</i>							
Total future operational costs	-	-	-	-	-	-	-
Future revenue by source							
Property rates							
Property rates - penalties & collection charges							
Service charges - electricity revenue							
Service charges - water revenue							
Service charges - sanitation revenue							
Service charges - refuse revenue							
Service charges - other							
Rental of facilities and equipment							
<i>List other revenues sources if applicable</i>							
<i>List entity summary if applicable</i>							
Total future revenue	-	-	-	-	-	-	-
Net Financial Implications	90 497	89 367	80 475	-	-	-	-

Table 52 MBRR SA36 - Detailed capital budget per municipal vote

Vote 12 - Waste Management	Skips (Communal Bins)	130	No	Other Assets	Plant & equipment				500	500		
	Wood chipper	131	No	Other Assets	Plant & equipment					200		
	Wheelie bins & street bins	132	No	Other Assets	Plant & equipment				200	300		
Vote 13 - Electricity	Refurbish 11kv overhead power line	133	No	Infrastructure - Electricity	Transmission & Reticulation				1 000	-		
	Pre-paid electricity Metering	134	No	Infrastructure - Electricity	Transmission & Reticulation				750	-		
	Increase the NMD on Mandini License	135	No	Infrastructure - Electricity	Transmission & Reticulation				-	1 500		
	Fencing of sub-stations	136	No	Infrastructure - Electricity	Transmission & Reticulation					-		
	Streetlighting (new)	137	No	Infrastructure - Electricity	Street Lighting				250	2 500		
	Fault finding machine	138	No	Other Assets	Plant & equipment				-	250		
Parent Capital expenditure									63 288	59 525	78 396	
Entities: List all capital projects grouped by Entity												
Entity A Water project A												
Entity B Electricity project B												
Entity Capital expenditure								-	-	-	-	
Total Capital expenditure								-	-	63 288	59 525	78 396

10.12 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipality's website.
2. Internship programme
The Municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department.
3. Budget and Treasury Office
The Budget and Treasury Office has been established in accordance with the MFMA.
4. Audit Committee
An Audit Committee has been established and is fully functional.
5. Service Delivery and Implementation Plan
The detail SDBIP document is at a draft stage and will be finalised after approval of the 2014/15 MTREF in May 2013 directly aligned and informed by the 2014/15 MTREF.
6. Annual Report
Annual report is compiled in terms of the MFMA and National Treasury requirements.
7. MFMA Training
The MFMA training module in electronic format is presented at the Municipality's internal centre and training is ongoing.
8. Policies
An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009, was announced in Government Gazette 33016 on 12 March 2010. The ratios as prescribed in the Regulations have been complied with.

10.13 Other supporting documents

Table 53 MBRR Table SA1 - Supporting detail to budgeted financial performance

**Table 53 MBRR Table SA1 - Supporting detail to budgeted financial performance
(Continued)**

KZN291 Mandeni - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand									
REVENUE ITEMS:									
Property rates									
Total Property Rates	20 451	20 866	33 472	25 314	25 314	25 314	24 466	25 788	27 180
<i>less Revenue Foregone</i>									
Net Property Rates	20 451	20 866	33 472	25 314	25 314	25 314	24 466	25 788	27 180
Service charges - electricity revenue									
Total Service charges - electricity revenue	8 979	10 720	11 213	12 556	12 556	12 556	13 056	13 761	14 504
<i>less Revenue Foregone</i>									
Net Service charges - electricity revenue	8 979	10 720	11 213	12 556	12 556	12 556	13 056	13 761	14 504
Service charges - water revenue									
Total Service charges - water revenue									
<i>less Revenue Foregone</i>									
Net Service charges - water revenue	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue									
Total Service charges - sanitation revenue									
<i>less Revenue Foregone</i>									
Net Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue									
Total refuse removal revenue	4 376	5 264	5 588	6 050	6 050	6 050	6 550	6 904	7 277
Total landfill revenue									
<i>less Revenue Foregone</i>									
Net Service charges - refuse revenue	4 376	5 264	5 588	6 050	6 050	6 050	6 550	6 904	7 277
Other Revenue by source									
<i>Tender fees</i>	44	42	72	20	20	20	20	21	22
<i>Town Planning Fees</i>	-	-	1	100	100	100	100	105	111
<i>Building Plan Fees</i>	97	29	24	50	50	50	50	53	56
<i>Photocopy Charges</i>	23	26	16	20	20	20	20	21	22
<i>Sundry Income</i>	575	319	569	-	-	-	-	-	-
<i>VAT Refund</i>	5 537	5 067	3 539	-	-	-	-	-	-
<i>Fire Services</i>	-	-	-	21	21	21	30	32	34
<i>Entrance Fees - Swimming Pool</i>	12	9	5	12	12	12	12	13	13
<i>Connection Fees</i>	30	4	23	807	807	807	57	60	63
<i>Reconnection Fees</i>	77	10	46	17	17	17	17	18	19
<i>Other</i>	26	13 535	150	23	23	23	63	66	70
Total 'Other' Revenue	6 421	19 040	4 445	1 071	1 071	1 071	370	389	410

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand									

EXPENDITURE ITEMS:									
Employee related costs									
Basic Salaries and Wages	18 998	20 203	23 576	32 275	32 275	32 275	42 084	44 357	46 930
Pension and UIF Contributions	3 177	3 197	3 659	2 845	2 845	2 845	3 163	3 334	3 527
Medical Aid Contributions	1 490	1 649	1 772	1 516	1 516	1 516	1 648	1 737	1 838
Overtime	437	751	856	107	107	107	153	161	171
Performance Bonus	-	-	-	263	263	263	352	371	393
Motor Vehicle Allowance	2 757	2 883	1 084	5 625	5 625	5 625	5 945	6 266	6 629
Cellphone Allowance	164	190	139	220	220	220	256	270	285
Housing Allowances	135	137	703	292	292	292	332	350	371
Other benefits and allowances	-	-	-	-	-	-	-	-	-
Payments in lieu of leave	-	-	-	-	-	-	-	-	-
Long service awards	494	4 757	-	-	-	-	-	-	-
Post-retirement benefit obligations	452	(622)	-	-	-	-	-	-	-
sub-total	28 103	33 145	31 790	43 142	43 142	43 142	53 934	56 846	60 143
Less: Employees costs capitalised to PPE									
Total Employee related costs	28 103	33 145	31 790	43 142	43 142	43 142	53 934	56 846	60 143
Contributions recognised - capital									
Revenue Contribution	16 838	12 404	-	31 431	25 512	25 512	28 163	39 839	29 112
MIG	11 509	17 534	-	29 347	29 347	29 347	32 957	34 556	35 993
NDPG	12 630	16 080	-	-	8 364	8 364	20 377	4 972	5 370
DEDT	1 526	-	-	2 510	13 339	13 339	-	-	-
COGTA	-	-	-	-	-	-	-	-	-
HOUSING	9 848	-	-	-	-	-	9 000	10 000	10 000
Total Contributions recognised - capital	52 351	46 018	-	63 288	76 562	76 562	90 497	89 367	80 475
Depreciation & asset impairment									
Depreciation of Property, Plant & Equipment	17 507	15 360	823	2 000	2 000	2 000	2 000	2 685	2 824
Lease amortisation	-	-	-	-	-	-	-	-	-
Capital asset impairment	-	-	-	-	-	-	-	-	-
Depreciation resulting from revaluation of PPE	-	-	-	-	-	-	-	-	-
Total Depreciation & asset impairment	17 507	15 360	823	2 000	2 000	2 000	2 000	2 685	2 824
Bulk purchases									
Electricity Bulk Purchases	5 868	7 269	7 437	10 084	10 084	10 084	10 991	11 585	12 210
Water Bulk Purchases	-	-	-	-	-	-	-	-	-
Total bulk purchases	5 868	7 269	7 437	10 084	10 084	10 084	10 991	11 585	12 210
Transfers and grants									
Cash transfers and grants	-	-	-	-	-	-	-	-	-
Non-cash transfers and grants	-	-	-	-	-	-	-	-	-
Total transfers and grants	-	-	-	-	-	-	-	-	-
Contracted services									
Security - Alarms/Cash in Transit	122	95	160	160	160	160	250	264	278
Security Services Contractor	1 803	2 166	2 436	2 200	2 200	2 200	3 200	3 373	3 555
Disaster Management- Outsourced	-	-	7 444	2 410	2 410	2 410	4 510	3 579	3 579
Contractors - Refuse	7 053	7 171	-	9 519	9 519	9 519	3 000	3 162	3 333
sub-total	8 978	9 432	10 039	14 290	14 290	14 290	10 960	10 377	10 744
Allocations to organs of state:									
Electricity	-	-	-	-	-	-	-	-	-
Water	-	-	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total contracted services	8 978	9 432	10 039	14 290	14 290	14 290	10 960	10 377	10 744
Other Expenditure By Type									
Collection costs	146	142	66	-	-	-	-	-	-
Provisions for contingencies and other provisions	103	926	-	-	-	-	-	-	-
Consultant fees	1 006	418	3 404	600	2 270	2 270	2 075	2 242	2 351
Audit fees	1 563	1 921	-	2 450	2 450	2 450	2 600	2 740	2 888
General expenses	5 791 991.53	6 051	5 165 994.42	5 891	4 641 330.22	5 891	6 244	6 715	7 203
Grant and subsidies expenditure	13 027	5 789	28 618	6 841	6 841	6 841	7 037	7 071	7 478
Lease Vehicles	766	778	1 440	1 320	1 320	1 320	1 220	1 286	1 355
Ward Committees	140	290	1 626	1 836	1 836	1 836	1 236	1 303	1 373
Public Participation	524	423	881	2 000	2 000	2 000	1 200	1 265	1 333
Training and Development	641	731	1 697	1 177	1 177	1 177	1 500	1 581	1 666

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand									
EXPENDITURE ITEMS:									
Employee related costs									
Basic Salaries and Wages	18 998	20 203	23 576	32 275	32 275	32 275	42 084	44 357	46 930
Pension and UIF Contributions	3 177	3 197	3 659	2 845	2 845	2 845	3 163	3 334	3 527
Medical Aid Contributions	1 490	1 649	1 772	1 516	1 516	1 516	1 648	1 737	1 838
Overtime	437	751	856	107	107	107	153	161	171
Performance Bonus	-	-	-	263	263	263	352	371	393
Motor Vehicle Allowance	2 757	2 883	1 084	5 625	5 625	5 625	5 945	6 266	6 629
Cellphone Allowance	164	190	139	220	220	220	256	270	285
Housing Allowances	135	137	703	292	292	292	332	350	371
Other benefits and allowances	-	-	-	-	-	-	-	-	-
Payments in lieu of leave	-	-	-	-	-	-	-	-	-
Long service awards	494	4 757	-	-	-	-	-	-	-
Post-retirement benefit obligations	452	(622)	-	-	-	-	-	-	-
<i>sub-total</i>	28 103	33 145	31 790	43 142	43 142	43 142	53 934	56 846	60 143
Less: Employees costs capitalised to PPE									
Total Employee related costs	28 103	33 145	31 790	43 142	43 142	43 142	53 934	56 846	60 143
Contributions recognised - capital									
<i>Revenue Contribution</i>	16 838	12 404	-	31 431	25 512	25 512	28 163	39 839	29 112
<i>MIG</i>	11 509	17 534	-	29 347	29 347	29 347	32 957	34 556	35 993
<i>NDPG</i>	12 630	16 080	-	-	8 364	8 364	20 377	4 972	5 370
<i>DEDT</i>	1 526	-	-	2 510	13 339	13 339	-	-	-
<i>COGTA</i>	-	-	-	-	-	-	-	-	-
<i>HOUSING</i>	9 848	-	-	-	-	-	9 000	10 000	10 000
Total Contributions recognised - capital	52 351	46 018	-	63 288	76 562	76 562	90 497	89 367	80 475
Depreciation & asset impairment									
Depreciation of Property, Plant & Equipment	17 507	15 360	823	2 000	2 000	2 000	2 000	2 685	2 824
Lease amortisation	-	-	-	-	-	-	-	-	-
Capital asset impairment	-	-	-	-	-	-	-	-	-
Depreciation resulting from revaluation of PPE	-	-	-	-	-	-	-	-	-
Total Depreciation & asset impairment	17 507	15 360	823	2 000	2 000	2 000	2 000	2 685	2 824
Bulk purchases									
Electricity Bulk Purchases	5 868	7 269	7 437	10 084	10 084	10 084	10 991	11 585	12 210
Water Bulk Purchases	-	-	-	-	-	-	-	-	-
Total bulk purchases	5 868	7 269	7 437	10 084	10 084	10 084	10 991	11 585	12 210
Transfers and grants									
Cash transfers and grants	-	-	-	-	-	-	-	-	-
Non-cash transfers and grants	-	-	-	-	-	-	-	-	-
Total transfers and grants	-	-	-	-	-	-	-	-	-
Contracted services									
<i>Security - Alarms/Cash in Transit</i>	122	95	160	160	160	160	250	264	278
<i>Security Services Contractor</i>	1 803	2 166	2 436	2 200	2 200	2 200	3 200	3 373	3 555
<i>Disaster Management- Outsourced</i>	-	-	7 444	2 410	2 410	2 410	4 510	3 579	3 579
<i>Contractors - Refuse</i>	7 053	7 171	-	9 519	9 519	9 519	3 000	3 162	3 333

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand									
Other Expenditure By Type									
Collection costs	146	142	66	-	-	-	-	-	-
Contributions to 'other' provisions	103	926	-	-	-	-	-	-	-
Consultant fees	1 006	418	3 404	600	2 270	2 270	2 075	2 242	2 351
Audit fees	1 563	1 921	-	2 450	2 450	2 450	2 600	2 740	2 888
General expenses	5 791 991.53	6 051	5 165 994.42	5 891	4 641 330.22	5 891	6 244	6 715	7 203
Grant and subsidies expenditure	13 027	5 789	28 618	6 841	6 841	6 841	7 037	7 071	7 478
Lease Vehicles	766	778	1 440	1 320	1 320	1 320	1 220	1 286	1 355
Ward Committees	140	290	1 626	1 836	1 836	1 836	1 236	1 303	1 373
Public Participation	524	423	881	2 000	2 000	2 000	1 200	1 265	1 333
Training and Development	641	731	1 697	1 177	1 177	1 177	1 500	1 581	1 666
Telephone	1 154	1 158	1 122	1 506	1 506	1 506	1 156	1 218	1 284
Fuel & Oil	1 020	1 407	1 917	2 300	2 300	2 300	2 300	2 424	2 555
Subsistence & Travelling	466	748	1 550	949	949	949	1 109	1 169	1 232
Advertising - Statutory	204	179	482	560	560	560	560	590	622
Special programmes	191	516	397	1 840	1 840	1 840	1 340	1 412	1 489
Traffic and Law Enforcement Programme	0	1	-	450	450	450	-	-	-
Sports and Recreation	359	361	353	700	700	700	650	685	722
Plans and Frameworks	-	-	90	1 800	1 800	550	3 758	3 893	2 786
Siyaya Development Coastal Plan	-	0	-	1 350	1 350	1 350	50	53	56
Shared Service District Town Planning	(0)	503	737	971	971	971	971	748	1 097
LED Programmes	22	101	840	2 800	2 800	2 800	3 250	3 426	3 610
Youth programmes	102	76	60	400	400	400	400	422	444
Aids Awareness Campaign	51	305	110	330	330	330	400	422	444
Insurances - General	447	19	338	450	450	450	450	474	500
Licences- Software	-	98	4	600	600	600	600	632	667
Printing & Stationery	327	399	634	515	515	515	525	553	583
Contributions to CRR	1 121	-	-	-	-	-	-	20 575	20 067
Total 'Other' Expenditure	29 171	23 340	51 533	39 637	40 057	40 057	40 630	62 899	63 807
Repairs and Maintenance									
Employee related costs	4 778	5 635	5 404	7 334	7 334	7 334	9 169	9 664	10 224
Other materials	1 225 051.08	1 625	2 081 191.58	3 555	3 555	3 555	3 855	4 063	4 283
Contracted Services	4 207	8 556	6 405	10 411	10 411	10 411	11 591	12 217	12 876
Other Expenditure									
Total Repairs and Maintenance Expenditure	10 210	15 815	13 891	21 300	21 300	21 300	24 615	25 944	27 383

Table 54 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

KZN291 Mandeni - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)

Description	Vote 1 - Executive and Council	Vote 2 - Budget and Terasury	Vote 3 - Corporate Services	Vote 4 - Community and Social Services	Vote 5 - Sport and Recreation	Vote 6 - Public Safety	Vote 7 - Housing	Vote 8 - Health	Vote 9 - Planning and Development	Vote 10 - Environment al Protection	Vote 11 - Road transport	Vote 12 - Waste Management	Vote 13 - Electricity	Vote 14 - [NAME OF VOTE 14]	Vote 15 - [NAME OF VOTE 15]	Total
R thousand																
Revenue By Source																
Property rates	-	24 466	-	-	-	-	-	-	-	-	-	-	-			24 466
Property rates - penalties & collection charges	-	2 000	-	-	-	-	-	-	-	-	-	-	-			2 000
Service charges - electricity revenue	-	-	-	-	-	-	-	-	-	-	-	-	13 056			13 056
Service charges - water revenue	-	-	-	-	-	-	-	-	-	-	-	-	-			-
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-	-	-	-	-			-
Service charges - refuse revenue	-	-	-	-	-	-	-	-	-	-	6 550	-	-			6 550
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-			-
Rental of facilities and equipment	-	-	-	40	-	-	-	-	150	-	-	-	-			190
Interest earned - external investments	-	2 500	-	-	-	-	-	-	-	-	-	-	-			2 500
Interest earned - outstanding debtors	-	-	-	-	-	-	-	-	-	-	-	-	-			-
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-			-
Fines	-	-	-	5	-	500	-	-	-	-	-	-	-			505
Licences and permits	-	-	-	-	-	300	-	-	-	-	-	-	-			300
Agency services	-	-	-	-	-	-	-	-	-	-	-	-	-			-
Other revenue	-	20	-	20	12	93	-	-	150	-	-	-	74			370
Transfers recognised - operational	5 860	80 934	-	1 948	-	-	-	-	-	-	-	5 000	3 000			96 742
Gains on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-			-
Total Revenue (excluding capital transfers and contributions)	5 860	109 920	-	2 013	12	893	-	-	300	-	-	11 550	16 130	-	-	146 679
Expenditure By Type																
Employee related costs	5 293	8 474	6 706	6 899	392	4 755	-	-	11 045	3 193	3 853	1 758	1 565			53 934
Remuneration of councillors	9 718	-	-	-	-	-	-	-	-	-	-	-	-			9 718
Debt impairment	-	3 000	-	-	-	-	-	-	-	-	-	-	-			3 000
Depreciation & asset impairment	-	2 000	-	-	-	-	-	-	-	-	-	-	-			2 000
Finance charges	-	-	-	-	-	-	-	-	-	-	-	-	-			-
Bulk purchases	-	-	-	-	-	-	-	-	-	-	-	-	10 991			10 991
Other materials	62	300	1 525	20	369	750	-	-	2 723	3 620	4 976	-	1 100			15 446
Contracted services	-	-	-	-	-	7 960	-	-	-	-	-	3 000	-			10 960
Transfers and grants	-	3 689	-	1 798	-	-	-	-	-	-	-	1 100	450			7 037
Other expenditure	10 116	2 186	4 624	2 776	2	570	-	-	10 972	331	1 270	-	746			33 593
Loss on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-			-
Total Expenditure	25 189	19 650	12 854	11 493	763	14 035	-	-	24 741	7 144	10 098	5 858	14 852	-	-	146 679
Surplus/(Deficit)	(19 329)	90 271	(12 854)	(9 480)	(751)	(13 142)	-	-	(24 441)	(7 144)	(10 098)	5 692	1 278	-	-	(0)
Transfers recognised - capital	-	-	-	-	-	-	-	-	20 377	-	32 957	-	9 000			62 334
Contributions recognised - capital	-	-	-	-	-	-	-	-	(20 377)	-	(32 957)	-	(9 000)			(62 334)
Contributed assets	-	-	-	-	-	-	-	-	-	-	-	-	-			-
Surplus/(Deficit) after capital transfers & contributions	(19 329)	90 271	(12 854)	(9 480)	(751)	(13 142)	-	-	(24 441)	(7 144)	(10 098)	5 692	1 278	-	-	(0)

Table 55 MBRR Table SA3 – Supporting detail to Statement of Financial Position

KZN291 Mandeni - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand									
ASSETS									
Call investment deposits									
Call deposits < 90 days	34 972	60 242	59 803	56 524	56 524	56 524	48 711	30 000	45 000
Other current investments > 90 days									
Total Call investment deposits	34 972	60 242	59 803	56 524	56 524	56 524	48 711	30 000	45 000
Consumer debtors									
Consumer debtors	62 323	53 955	78 235	65 000	65 000	65 000	83 000	67 000	66 000
Less: Provision for debt impairment	(58 400)	(41 838)	(48 942)	(36 000)	(36 000)	(36 000)	(46 000)	(36 000)	(32 000)
Total Consumer debtors	3 923	12 117	29 293	29 000	29 000	29 000	37 000	31 000	34 000
Debt impairment provision									
Balance at the beginning of the year	58 649	58 400	41 838	41 838	41 838	41 838	41 838	46 000	36 000
Contributions to the provision	9 689	(10 437)	7 104	2 842	2 842	2 842	8 162	(8 000)	(8 000)
Bad debts written off	(9 937)	(6 125)		(8 680)	(8 680)	(8 680)	(4 000)	(2 000)	
Balance at end of year	58 400	41 838	48 942	36 000	36 000	36 000	46 000	36 000	28 000
Property, plant and equipment (PPE)									
PPE at cost/valuation (excl. finance leases)	233 900	257 929	287 067	339 265	339 265	339 265	354 000	473 404	537 696
Leases recognised as PPE									
Less: Accumulated depreciation	26 071	37 600	55 304	44 000	44 000	44 000	61 609	88 241	100 000
Total Property, plant and equipment (PPE)	207 829	220 329	231 763	295 265	295 265	295 265	292 391	385 163	437 696
LIABILITIES									
Current liabilities - Borrowing									
Short term loans (other than bank overdraft)									
Current portion of long-term liabilities	100								
Total Current liabilities - Borrowing	100	-	-	-	-	-	-	-	-
Trade and other payables									
Trade and other creditors	7 453	3 459	5 698	7 500	7 500	7 500	7 500	8 000	9 000
Unspent conditional transfers	292	10 437	11 135	3 000	3 000	3 000	15 000	-	-
VAT									
Total Trade and other payables	7 746	13 896	16 833	10 500	10 500	10 500	22 500	8 000	9 000
Non current liabilities - Borrowing									
Borrowing	34								
Finance leases (including PPP asset element)									
Total Non current liabilities - Borrowing	34	-	-	-	-	-	-	-	-
Provisions - non-current									
Retirement benefits	6 085	10 220	9 731	10 000	10 000	10 000	10 000	10 000	10 000
List other major provision items									
Refuse landfill site rehabilitation									
Other									
Total Provisions - non-current	6 085	10 220	9 731	10 000	10 000	10 000	10 000	10 000	10 000
CHANGES IN NET ASSETS									
Accumulated Surplus/(Deficit)									
Accumulated Surplus/(Deficit) - opening balance	196 772	245 243	291 183	331 241	418 073	415 144	331 241	408 386	476 447
GRAP adjustments									
Restated balance	196 772	245 243	291 183	331 241	418 073	415 144	331 241	408 386	476 447
Surplus/(Deficit)	49 392	46 962	38 193	(6 265)	(5 015)	(5 015)	(0)	0	(0)
Appropriations to Reserves									
Transfers from Reserves									
Depreciation offsets									
Other adjustments		(1 023)	193	91 318	306	306	77 145	68 061	70 534
Accumulated Surplus/(Deficit)	246 164	291 183	329 569	416 293	413 364	410 435	408 386	476 447	546 980
Reserves									
Housing Development Fund	1 573	1 627	1 672	1 780	1 780	1 780	1 000	1 000	1 000
Capital replacement									
Self-insurance									
Other reserves									
Revaluation									
Total Reserves	1 573	1 627	1 672	1 780	1 780	1 780	1 000	1 000	1 000
TOTAL COMMUNITY WEALTH/EQUITY	247 737	292 810	331 241	418 073	415 144	412 215	409 386	477 447	547 980

Total capital expenditure includes expenditure on nationally significant priorities:

Provision of basic services									
-----------------------------	--	--	--	--	--	--	--	--	--

Table 56 MBRR Table SA9 – Social, economic and demographic statistics and assumptions

Table 57 MBRR SA32 – List of external mechanisms

KZN291 Mandeni - Supporting Table SA32 List of external mechanisms

External mechanism Name of organisation	Yrs/ Mths	Period of agreement 1.	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2.
		Number			R thousand
SizweNsalubaGobodo	Yrs	3	Internal Audit	30 June 2013	475
Mandeni Waste Services	Yrs	5	Refuse removal	30 September 2014	8 400
Enforce Security	Yrs	3	Security	31 December 2013	1 397
Indwe Insurers	Yrs	3	Insurance	30 June 2013	540
Eqstra Fleet	Yrs	3	Fleet	31 March 2015	1 483
Sonke Consulting	Yrs	3	IT Support	30 September 2017	936
Rural Metro	Yrs	3	Fire Brigade	30 September 2017	3 900
Brand Patners	Yrs	3	Communication	30 September 2017	2 160

10.14 Municipal manager's quality certificate

I LH Mapholoba, municipal manager of Mandeni Municipality, hereby certify that the draft annual budget and supporting documentation for 2014/15 to 2016/17 have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name Mr LH Mapholoba

Municipal manager of Mandeni Municipality (KZN 291)

Signature_____

Date 27 March 2014